ANNUAL REPORT 2023

BFA

Dear Reader,

It is with great excitement that we hereby submit and disclose BFA's Annual Report for the financial year 2023

The FY2023 signals not only another successful year for the financial institution (‘BFA’), but it is also the year that we celebrate the 30th anniversary of our key corporate achievements, as well as the attainment of higher levels and standards of institutional performance within the Angolan financial landscape.

A pivotal milestone that fills us with pride for all that we have accomplished collectively and individually.

Hence, it was with the utmost pleasure and satisfaction that we immersed ourselves in the memories of “**Our Golden Years**” and, throughout the 12 months of 2023, we commemorated the power and strength of our Brand and honoured all those who have played a role and took part in this **Glittering Journey** that has brought us this far: **Our People, Our Customers and Partners**, and last but not least, **Our Shareholders**.

We invite you to take a guided tour through the figures that have shaped our financial performance in 2023, but above all to **Witness the Joy** of **Our People** during the Bank's 30th Anniversary Party, where the core theme was inspired by the glamour of the 1920s.

Every moment of this celebration was a hymn to our People's dedication, endeavour, and commitment to the fulfilment of the Bank's corporate and business goals.

Moreover, because **We Aim to Attain Prosperity for All**, We Are both **Ambitious** and Committed to **Creating Economic** and Social Wealth.

Thank you for being part of this remarkable journey.

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Chairwoman's Statement

Maria do Carmo Bernardo

Chairwoman of the Board
of Directors

Dear Customers, Partners, Shareholders, Board of Director's Members and Team Members.

On behalf of the Board of Directors, I am delighted to introduce and disclose BFA's Annual Report for the financial year 2023 ('FY2023').

The financial year 2023 ('FY2023'), followed along the same pattern of adverse macroeconomic trends and challenging events that shaped the global economy in the preceding year of 2022, particularly due to the unfolding military conflict in the Middle East and the full-scale war between Russia and Ukraine, both of which had a strong knock-on effect on the international economy. These adverse macroeconomic events resulted in a slowdown in global economic growth, which stood at 3.1 % in FY2023, a decrease of 0.4 p.p. YoY. This economic downturn was mainly due to the effects of tighter monetary policies implemented by the vast majority of the world's leading economies, as a measure to tackle the widespread increase in the inflation rate followed by the subsequent decrease in goods and services demand.

Notwithstanding the global economic downturn trend recorded throughout the course of FY2023, Angola's economic growth displayed an inverse dynamic, reaching an economic growth rate of +1.3% in FY2023, up by +2.2 p.p. YoY.

Over the past year, we have witnessed a decrease in the national crude oil output and, as a result, a rise in goods and services price levels, which has been mostly offset by the growth recorded in Angola's non-oil sector, notably in the Diamonds & Minerals, Fishing and Electricity sectors.

In mid-2023, the inflation rate started an upward trend, reaching 20% at year-end (+13.9% YoY), which in turn led to a decline in consumer purchasing power. As far as the foreign exchange market is concerned, it's worth

Chairwoman's Statement

highlighting that the financial year 2023 ended with a sharp depreciation of the national currency Kwanza against the global leading currencies (US Dollar and the Euro), standing at USD/AOA 828 (+64.5% YoY) and EUR/AOA 902 (+70.4% YoY) respectively, a key economic factor of critical importance associated with the surge recorded in the inflation rate.

In view of this extremely challenging and adverse national and international macroeconomic environment, BFA endeavoured with great determination, strength and perseverance in overcoming those hurdles to resume its earning/growth path, particularly with regard to its core business. As a result, in FY2023 the financial institution reported a Net Profit of AOA 167.5 billion, up by +19.3% YoY, thereby remaining in the Tier 2 ranking of the most profitable and top performance universal banks in the Angolan financial landscape.

In full alignment and coordination with the government's policies to support Households and Businesses, namely under Notice No. 10 of the National Bank of Angola, BFA granted a total of AOA 557.6 billion in credit facilities towards the real economy in the financial year 2023 (up +AOA +86.2 billion YoY), thus reinforcing its commitment to making a relevant and positive contribution to the country's economic diversification and sustainable growth.

During the financial year 2023 ('FY2023'), BFA also recorded an improvement in its Loan Portfolio Assets Quality ratios, largely due to the increase in Loans to Customers and the decrease of impairment losses on 30 days past-due credit and non-performing loans. The heading of Non-Performing Loans ratio (non-productive credit) within the Total Loan Portfolio stood at 10.2% (-3.2 p.p. YoY) and the Overdue Loans ratio at 2.0% (-1.1 p.p. YoY).

In 2023, BFA kicked off its ESG Roadmap, hence strengthening and emphasizing its ongoing corporate commitment to guaranteeing the long-term sustainability of its business model, while at the same time playing a pivotal role by fostering and boosting the country's economic and social development. Over the course of the year, BFA undertook and implemented a wide range of projects with the aim of promoting social wellbeing and contributing to a more sustainable growth of Angola's society. These initiatives included projects to support education and health, scholarships, blood donation campaigns and tree planting activities, among many others. The Bank is fully committed to adopt and implement recognised international standards and best corporate practices, as well as being in full compliance with national and international environmental, social and governance policies.

We have also begun a new cycle of corporate strategic planning, with an ambitious and compelling vision for BFA's new Board Management Team. Our ambition is to be a simpler, more agile, customer-centric bank and one that is a better place to work. In order to implement this strategy, we are fully aware that it will be necessary to enhance and boost personnel and processes efficiency and productivity, further digitalise and streamline the service model, improve the technological infrastructure and data management, broaden and scale up the Bank's business operations and activities and further improve the sustainability of our business.

To this end, during 2023, and following up on BFA's comprehensive corporate business plan, we made numerous investments in innovation and technology, notably: infrastructure modernisation, server upgrading, data storage and telecommunications expansion, with a view to ensuring higher levels of installed capacity and enhanced robustness of the bank's systems and infrastructures.

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In addition to these technological modernisation initiatives, we have invested heavily in our Human Capital through heightened investment in skills-building training and improvement of the company's working conditions.

These investments have been directed towards health policies that benefit team members and their families, career development opportunities, promotions and appointments, salary adjustments to ensure that we remain competitive against other financial institutions, as well as ongoing enhancement of operational processes, training programmes and workshops.

I would like at this time to express my heartfelt appreciation and utmost gratitude to the entire BFA Team, without whom we would not be able to achieve so much of the success that BFA enjoys at the current moment. I would like to thank all the Team members and their families for their unwavering commitment, dedication and endeavour.

I would also like to extend my utmost appreciation to our Partners and Shareholders for their ongoing and consistent support and trust. To the Members of the Governing Bodies, I want to express my sincere gratitude for the solidarity and dedication they have always demonstrated while carrying out their functions and duties, thus helping to strengthen a more multicultural, cohesive, and inclusive organisational environment.

On a final note, a word of praise and deepest esteem to all our highly valuable customers. We are challenged every day to be of service to you with the highest levels of professional performance and standards ('excellence'), as well as closeness, as a result of your ongoing and renewed confidence, loyalty and preference in BFA.

CEO's Statement

Luís Roberto Gonçalves
CEO

Dear Shareholders, Customers, Team Members and other Stakeholders,

THE NATIONAL AND INTERNATIONAL ENVIRONMENT...

The financial year 2023 ('FY2023') proved to be a particularly challenging one and a setback in some areas of the country's economic life. Some of the main economic variables did not perform as I had previously foreseen, as evidenced by the exchange rate developments in which we witnessed the national currency Kwanza depreciate by more than 40% as well as by the upward trend recorded in the price level developments, which stood at 20% at the end of the year. On the positive side, we witnessed Angola's GDP rise by approximately +1.3%, which indicates an upward trend for the country's economy (the 3rd consecutive year of growth).

Worldwide geopolitical turmoil and unrest, including the unfolding military conflict in the Middle East and the ongoing impact of the Russia-Ukraine all-out war, continued to impact and cause disruption throughout the world's economies. These unfolding macroeconomic events, coupled with a tight-handed monetary policy across the world's leading economies throughout the course of the entire financial year, heightened overall uncertainties and concern levels over global economic growth outlook.

Angola will continue to face numerous challenges in the upcoming years, and in my view, it is essential to uphold the internal reforms that have been initiated, particularly those aimed at improving the balance of public finances. However, it is important not to lose sight of the country's pivotal need to increase and strengthen its inward investment levels, primarily those aimed at improving education and programmes to support the diversification of the economy.

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OUR CORE IDENTITY AND COMPETITIVE EDGE...

The financial year 2023 ('FY2023') represented a key milestone for BFA as we celebrated our 30th anniversary. After more than three decades in the Angolan financial market, we renewed our solid and unwavering commitment to be the #1 Bank of Choice for All Angolans.

I strongly believe that our shared success and the achievements we aim to accomplish in the future must continue to be rooted and firmly underpinned by our corporate values ("closeness", "transparency" and "innovation") and by a clear vision and mission shared by all our personnel and work teams.

Over the last three decades, we have never ceased to do everything in our power to be of service to our Customers and our Communities, and for this reason, I am extremely grateful and proud of our 2661 Team Members, whose tireless dedication and commitment have been unwavering in all aspects.

CAPACITY BUILDING...

In 2023, we continued to take significant steps towards further upgrading and modernising the Bank as well as strengthening its operational and technological capacity and infrastructure. In this regard, it is worth highlighting the following factual events and results accomplished:

- Telecommunications expansion;
- Infrastructure upgrading;
- Servers updating;
- Enhancements to customer-driven services;
- BFA App enhancement (technical improvements);
- Higher digitalisation and streamlining of the service model;
- Improvement of BFA's retail branches' infrastructure;
- Opening of the banking service points "Orange Spaces";
- Rollout of the Banking Representatives Network "BFA Here";
- Incorporation of the company "BFA Pensions";
- Implementation of a new Data Center;

As a result, we were able to increase our customer base to a total of 2,865,852, which is evidence and an excellent indicator of the ever-growing trust that our customers have placed in the financial institution ("BFA").

With regard to the supply of means of payment, during FY2023 BFA managed to increase its POSs network by +15.8%, reaching a total of 41,458 POSs registered. Furthermore, the total number of debit cards rose by +18% YoY, totaling 1,879,571 debit cards.

It is also worth highlighting the investment made throughout the year aimed at BFA's Human Capital enhancement and empowerment, through the provision of a wider range of training programmes and the engagement of a higher number of BFA's Team Members. This professional skills-building process, which is largely supported and driven by the BFA Academy, has been instrumental in providing quality training as well as increasing the Bank's efficiency and innovation levels. Additionally, we are also working on digitalising our Human Capital management system, with the aim of streamlining the team members experience.

With regard to our Human Capital framework, at BFA we aim to replicate and embody the diversity of our society, providing an equitable, diverse and collaborative working environment where everyone has access to the same opportunities based on their individual skills, capabilities and commitment. In 2023, such corporate commitment and endeavour can be clearly perceived in the breakdown of our workforce by gender: out of a total of 2,661 team members, 46.1% are female and 53.9% are male.

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MOVING TOWARDS SUSTAINABILITY...

At BFA we fully recognise the paramount importance of incorporating ESG-related topics into all areas of our business activities and operations. Considering a wide range of corporate business units across-the-board its entire organisational structure, ranging from risk management all the way through to investment-related operational activities, BFA is firmly committed to promoting sustainable development practices aimed at benefiting not only its shareholders, but also all stakeholders and the natural environment as a whole. We have therefore endeavoured to deepen our Sustainability Roadmap, which started in 2022, by cross-referencing our sustainability strategy with the cornerstones of the new strategic business cycle. We recognise that sustainability is more than just a matter of corporate responsibility. For the Bank, it's a business opportunity that can further drive innovation and boost value creation in the long run.

Throughout 2023, we upheld our pledge towards Social Responsibility, namely, to contribute to a more sustainable future and within this scope to excel in leading industry-related best practices. In this regard, I would highlight our BFA Solidarity programme, which focuses mainly on the subject matters of Quality Health and Education, Drinking Water/Sanitation and Inequality Reduction.

The Bank has also forged strategic alliances and close collaborations with international organisations such as UNICEF and Aid for the Development of People for People ("ADPP"), which have driven a wide range of initiatives, including improving access to high-impact nutrition programmes, improving access to drinking water, sanitation and hygiene services, as well as integrating pre-schools into the local communities and improving their management.

We are certain that the year-round initiatives, activities and programmes not only foster a more positive, healthy and friendly working environment, but also strengthen and revitalize our Bank's reputation and image making it a more attractive workplace.

OUR FINANCIAL PERFORMANCE...

The financial results disclosed in the current annual report clearly reveal and confirm BFA's financial soundness, resilience and robustness over the past three years:

Amounts expressed in thousand of Kwanzas

	2021	2022	2023	Δ% 22-23
Net Profit	**156 471,70**	**140 455,20**	**167 509,60**	**19,30%**
Operating Income	241 380,30	269 056,00	299 036,50	11,10%
Net Interest Income	199 412,10	216 176,10	246 934,80	14,20%
Non-Interest Income	41 968,20	52 879,90	52 101,70	-1,50%
Overheads	101 215,10	102 343,30	114 256,60	11,60%
ROA	5,70%	5,60%	5,30%	-0,3 p.p.
ROE	36,40%	32,00%	32,90%	0,9 p.p.
Cost:Income Ratio	41,90%	38,00%	38,20%	0,3 p.p.
Total Capital Ratio	46,20%	43,50%	42,50%	-1,0 p.p.

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- We won the trust of an additional 249,000 customers, up by +9.5% YoY, which boosted BFA's customer base to over 2.8 million at year-end;
- The Customer Deposits portfolio recorded a sharp increase of approximately 40.1% YoY, amounting to AOA 2,857,665.5 million;
- BFA's commitment towards the national economy's diversification is visible in the growth recorded in the Lending to the Real Economy and Households Portfolio, which rose by +18%, totaling AOA 558 billion at year-end;
- We upheld our commitment to Angola's capital market development, as follows: In 2023, BFA managed to achieve a participation rate exceeding 44.9% of the total number of deals executed in the capital market and a 23.9% share of the total turnover. At year-end, through BFA Capital Markets, BFA had a total of 17,748 active accounts opened with BODIVA's Central Securities Depository (CEVAMA), up by +7.9% YoY, as well as a 23% share of CEVAMA's total accounts.
- BFA continues to actively promote the offer of innovative products and services to its customer base: BFA Asset Management launched another Investment Fund, bringing the total to nine (9) Capital Market Investment Funds and a total amount of AOA 96.5 billion in assets under management.

A LOOK INTO THE FUTURE...

There is no question in our minds that we will face some major and significant hurdles, adversities and challenges in the upcoming future, that will put to the test our resilience and capacity to cope with adversity, but we have full confidence that our team members will be able to navigate through and overcome those obstacles and move forward to pursue and harness the numerous opportunities that lie ahead.

In 2024, we will embark on a new strategic business cycle that, in our view, will help propel the Bank into the future. With the aim of becoming a simpler, more agile, customer-centric, and a better workplace, this new strategic business cycle will be underpinned by 6 cornerstones: i) Personnel Efficiency and Productivity; ii) Process Efficiency; iii) Service Model Digitalisation/Streamlining; iv) Enhancement of Technological Infrastructure and Data Management; v) Business Growth; and vi) Sustainability. Each of these cornerstones will have incorporated into it a set of initiatives that should ultimately ensure the following key aspects: on the one hand, that the Bank enhances its capacity to provide best-in-class services, and on the other hand that it improves its capacity to attract, develop, retain and recognise its team members skills and talents.

We would like once again to stress out and reinforce our conviction that the Bank possesses unrivalled conditions to uphold its market leadership positioning, or in other words, to continue to be a key player in Angola's financial system development and, ultimately, in Angola's socio-economic growth.

A FINAL WORD OF APPRECIATION AND ESTEEM...

On a final note, I would like to express my deepest gratitude and appreciation to the entire BFA team and their families for their unwavering dedication, understanding and commitment. Your steadfast commitment, dedication and endeavour are truly remarkable and instrumental to our success.

Likewise, I would also like to extend my sincere gratitude and appreciation to our Shareholders and other Stakeholders for their ongoing support, trust and belief in the Bank's management team. Your commitment and investment in our institution are invaluable, motivating us to overcome major hurdles and challenges, explore new opportunities and reach new heights of professional performance and standards.

Last but not least, I would like to express our deepest and heartfelt gratitude to our Customers for choosing us as their financial Partner. Your trust and loyalty over the years are the driving force behind everything we endeavour to do and accomplish in the upcoming future. We are committed to keep working hard in order to meet and address your demands and exceed your expectations.

Thank you for being part of the BFA Family and for allowing us to be of service to you over the past three decades.

2023 HIGHLIGHTS

Loan Portfolio Growth
756 591,1
AOA Millions
+28,3%
YOY

The Bank keeps its leading position in public debt securities trading
53,4%
Market Share
(vs 44.9% in 2022)

Share Capital Increase
30 000
AOA Millions
+200%
YOY

BFA's Human Capital Investment
117 507 h
Training courses taught in 2023
+9,8%
YOY

205
Training Courses Portfolio
+109,2%
YOY

Customer Base Growth
2 865 852
+9,5%
YOY

BFA Services' Footprint
401
Active ATMs
with a 33.6% down-time rate (average market rate 37.4%)

29 146
Active POSs
+13,6%
YOY

193
Branches

Sound and balanced capital position
42,5%
Total Capital Ratio well above the regulatory capital of
8%

Corporate Strategy

Vison

TO BE THE

#1

BANK OF CHOICE
FOR ALL ANGOLANS

and provide a key input for the country´s sustainable development.

Values

Ongoing Innovation

Customer Closeness

Market Transparency

Commitments

Customers

To ensure satisfsaction and quality in our services

Angola

Provide a key input to the national economy development

Team Members

Invest in personal and profession al growth

Shareholders

Creating Value

Mission

To provide financial solutions, products and services that foster long-lasting Customer relationships and create value for the company's Shareholders.

STRATEGY

The Bank's corporate challenges and strategic priorities remained focused on the following key elements: skills-building and empowerment of its Team Members, long-term and balanced control of Risks and the ongoing commitment, drive and focus on meeting Customers' needs.

PURPOSE

To create a competitive differentiation through a deeper and closer customer engagement, within a highly challenging environment dominated and shaped by ongoing and fast-paced market shifts.

CUSTOMER COMMITMENT

- Enhance Customer Service.
- Boost Digital Channels.
- Streamline Processes. Diversify Products.

STRATEGIC PRIORITIES

1. Develop, enhance, and strengthen the customer relationship model.
2. Develop analytical skills for a better understanding of the customer base.
3. Increase BFA's Total Assets Portfolio, particularly in domestic currency.
4. Invest in Digital Banking.
5. To preserve the Loan Portfolio's Asset Quality.

KEY SUCCESS FACTORS

- Timely and fast decision-making processes.
- High-Levels of professional performance and standards coupled with Effectiveness.
- BFA Culture - High-Levels of professional performance and standards combined with a Customer-Centric Approach.

2018-2022 Strategic Plan

Mirai 22

The Mirai 22 completed its implementation phase at the end of H1 2023. Launched in April 2021, this programme arose from the +BFA plan review carried out between 2018 and 2020, driven by the ongoing development of the macroeconomic and competitive landscape, and capitalising on the wealth of experience garnered from the programme's implementation between 2018 and 2020. Against this backdrop, BFA reviewed its comprehensive strategic targets and the set of initiatives and activities to be implemented with a view to achieve such corporate goals.

Strategic Goals and Initiatives

The MIRAI 22 project aimed to consolidate and strengthen the strategic goals of the **+BFA** Project, in particular:

- To become the leading universal bank in Angola;
- To increase BFA's share of customer deposits;
- To be the Affluent Customers' #1 Bank of Choice;
- To be the leading enterprises' #1 Bank of Choice;
- To be the Leading Digital Bank;
- To diversify revenue sources/streams.

The corporate activities supporting this transformation process were primarily aimed at enhancing customer service through the repositioning of the services provided by the Bank and making changes to its business model. These changes were coupled and backed up by a digital transformation process, which ultimately led to an improvement in BFA's sustainability, both socially and environmentally, as well as leveraging its corporate brand image as a future-ready Bank.

Accordingly, 20 strategic initiatives have been drawn up and implemented as follows:

Streamlining and enhancement of BFA's retail network and the teams' sizing	• Selective closure of branches with negative profitability and geographical overlap; • To enhance and streamline team's sizing, without reducing the headcount.
Streamlining and enhancement of BFA's key business processes	• Making critical business processes impactful on customer service quality; • To implement an SLA control model.
Proactive approach and implementation of a commercial customer relationship management system (CRM)	• Strengthen commercial proactivity with access to a CRM support system for generating and monitoring leads and business contact outcomes.
Pricing and leakage control	• To set up mechanisms for systematic leakage control; • Transition to a customer profitability-based pricing model.
Service segmentation for retail and corporate customers	• Updating the customer commercial segmentation criteria to include AOA involvement, as well as upgrading the customer segmentation model to incorporate new variables.
Ongoing operating cost-cutting programme	• Implement an ongoing programme to cut operating costs (third-party supplies and personnel costs) with in-house management.
Fast-track the bancassurance business	• To execute and implement a Bancassurance strategy aimed at increasing the Bank's revenue through the distribution of insurance products.
Sustained Loan Portfolio Growth	• Review of the credit granting process; • Setting out a short-medium term strategy; • Skills-building programme in credit-related matters aimed at commercial areas.
Develop a distinctive portfolio of banking products and services	• Review the added value proposition related to financial products and services for both retail and corporate customers, with a focus on developing a tailor-made portfolio with distinctive features for each customer segment/business sector.
Roll out telephone banking and remote commercial management	• Boost and leverage the Contact Center facilities to ensure smooth transactional operations; • Set up a remote commercial customer management central office.
New revenue sources & streams - Non-financial products	• Draw up the corporate strategy for the business model (product selection, suppliers, and terms). • Development of a technical solution to be made available to both BFA's retail network and digital channels.
Customer retention programme	• Implement a programme of measures and initiatives aimed at proactively taking preventive and corrective steps with regard to customers at risk of abandonment or deterioration of their relationship with BFA.
Reassess BFA's internationalisation strategy & agenda	• Tapping into internationalisation opportunities from two standpoints: 1) mitigating risks in the relationship with correspondent banks; 2) exploring business opportunities in adjacent markets.

Fast-tracking the digital transformation process - Mass market	• Fast-tracking the digital transformation process with the aim of monetising the mass market - new app features (post MVP), Bank Representatives Network and USSD.
Fast-tracking the digital transformation process - Affluent & Corporate Customers	• Development of the BFA NET BUSINESS online platform; • Development of new features in the BFA App 2.0 tailored to both Affluent Individual Customers and Private Customers (Single App).
Boost and fast-track digital channels adoption and usage.	• Roll out an integrated programme of initiatives (i.e. interactive campaign) to boost the adoption and usage of digital channels in the mass market segment.
Team up with operator UNITEL (Payment Service Provider)	• Draw up a strategy, partnership model and added value proposition.
Set up IT systems for the development of the business model	• Developing and updating the Bank's IT systems architecture in order to meet and address the key priorities set out in BFA's comprehensive strategic plan.
Implement a merit-based HR culture and fulfilment of corporate goals	• Performance assessment model; • Targets and incentives model for the commercial areas; • Targets and incentives system for the Central Departments.
Execute the CEO's operational and management model	• Draw up and validate a governance model to ensure the implementation and monitoring of the strategic plan.

The new strategic plan also entailed the establishment of a new governance model focused on the Bank's business model future sustainability. Hence, this governance model sets out to organise into programmes the projects or initiatives that the Bank had underway (or that resulted from its normal activity). As a result, it enabled the streamlining of internal resources and an across-the-board view of the organisation's most important projects.

Within this framework, a total of 10 programmes were drawn up, in which the various strategic initiatives mentioned above were brought together:

- Marketing
- Human Capital
- Technological infrastructure
- Digital Agenda
- Processes
- Retail Network
- Credit
- Cost-cutting
- Regulatory
- New Business

The governance model drawn up within this framework made it possible to strengthen the organisation's structure for monitoring and managing the Bank's projects. In accordance with the model, for each programme it was stipulated the following elements: (i) a governance model "sponsor" for the Executive Committee of the Board of Directors; (ii) a first-line executive manager as the Programme Head and (iii) a Team Leader as the operational manager.

The Strategic Initiatives and Project Management Department (Portuguese acronym "DGPIE") was also set up to take on the core remit of comprehensive coordination and the function of the plan's Project Management Office ("PMO").

As part of the Mirai 22 implementation process, it is worth highlighting the following milestones achieved:

Marketing Programme	• Identifying and correcting sources of commissions/fees leakage, reviewing the flow of commissions/fees changes to mitigate operational risk and, in the testing phase, reorganising the accounting roadmap in order to substantially streamline the process of monitoring and periodically tracking the different commissions/fees. As an example, this allows for more effective monitoring and improved understanding of the special pricing impact; • Review of customer segmentation criteria and related added value offer; • Conception and implementation of a pilot programme aimed at customer loyalty and reactivation campaigns targeting high-value customer segments, along with the development of the technological platform that supports these initiatives and activities; • Overhaul reshaping of the non-financial products offering and campaign model. • CRM system implementation.
Retail Network Programme	• Establishment and approval of the retail branch network streamlining model, with the pilot phase already underway; • Setting out the streamlining model aimed at the sales team's sizing; • Retail model redesign and approval for monitoring retail customers through the commercial networks.
Cost-Cutting Programme	• Completion of the analysis procedure regarding the expenditure headings potential savings related to third-party supplies and services, along with an individual analysis of one of the headings with the greatest potential for cost-cutting. This resulted in a set of duly quantified proposals aimed at achieving the identified potential savings. The proposals are currently in the implementation phase.
HR and Culture Programme	• Review and implementation of the rules for setting up and managing a Performance Incentive System (Portuguese acronym "SIP"). • Establishment of rules for the implementation and management of a Central Services Target-Setting System and implementation of a pilot scheme in three Departments.
Regulatory Programme	• Automatic tracking ("DCS") of legal representatives and beneficial owners, whenever they establish business relationships with the financial institution (BFA); • Automated risk classification of Anti-Money Laundering, Counter-Terrorism Financing and Proliferation of Weapons of Mass Destruction ("AML/CTF & PWMD") concerning all Customers, legal representatives and beneficial owners; • Updating customer identification data.

Streamlining Business Processes Programme	• Setting up and implementing an SLA monitoring process for key business processes; • Development of the cross-border operations flow management platform, aligning it in accordance with regulatory updates and changes and improving service levels; • Broadening the Target-Setting System implementation to include the central services teams across all departments, along with the implementation of a monthly KPI report. • Pilot test implementation of robotic process automation (“RPA”).
New Business Programme	• Approval and partial implementation of a set of measures aimed at improving the efficiency of the current insurance distribution process that the Bank has established with the Fidelity Insurance Company; • Planning and/or modelling potential solutions/strategies/approaches for developing the bancassurance business.
Credit Programme	• Provision of a new platform for managing the credit process for Retail Customers, resulting in efficiency gains and a sharp improvement in service levels quality standards; • Provision of a new platform for managing the credit process for Corporate Customers (MVP format - minimum viable product), with efficiency gains and a sharp improvement in service levels quality standards; • Setting out a comprehensive training programme for business and corporate sales teams, aimed at the entire corporate credit process.
Digital Programme	• Roll out of the BFA App 2.1 with new features and improved user-friendly capacity; • Roll out of the digital account opening; • Roll out of the Banking Representatives network.
Technological Infrastructure Programme	• Upgrading and renewal of the technological infrastructure supporting the front desk service counter interface, enabling substantial cost savings; • Broadening of the Office 365 programme, making MS Teams available to all team members and the adoption of Azure Dev Ops as the project management platform across-the-board all business areas of the financial institution.

In addition to the achievements highlighted within each programme, it is important to outline the major developments achieved in the tools used to track and monitor the different initiatives and activities. These advancements have enabled BFA to considerably improve the process effectiveness related to the tracking and management of this sort of programmes.

Against this backdrop, the widespread use of the Azure DevOps solution has made it possible to strengthen the capacity to monitor initiatives/activities and make information available to all stakeholders, increasing transparency with regard to the status and degree of completion of each particular initiative and/or activity. Dashboards were created to monitor the implementation status of each initiative/activity, as well as its financial impact. On the one hand, this makes it possible to quantify the direct impact of each initiative/activity and, on the other hand, to monitor its impact on the Bank's overall business.

In H2 2023, BFA laid down its strategic vision for the new management team term of office, aiming to become "A Bank that is + Simpler, + Agile, + Customer-Centric and the Best Bank to Work For", underpinned by six strategic corporate cornerstones:

- Increase personnel efficiency and performance
- Increase business processes effectiveness
- Service Model Digitalisation and streamlining
- Technological infrastructure and data management streamlining
- Business growth
- Sustainability

The aforementioned six strategic cornerstones framework should form the structural foundation of the new strategic business plan to be implemented during the 2024-2026 three-year term.

How We Add Value

BFA's value generation proposition is underpinned by the values and commitments that the Bank has always identified itself with since its inception.

We believe that motivated and dedicated team members increase customer satisfaction and loyalty, which in turn encourages sustainability and profitability for all stakeholders, leading to further investments and opportunities directed towards the local communities.

Key Indicators

Amounts expressed in thousand of Kwanzas

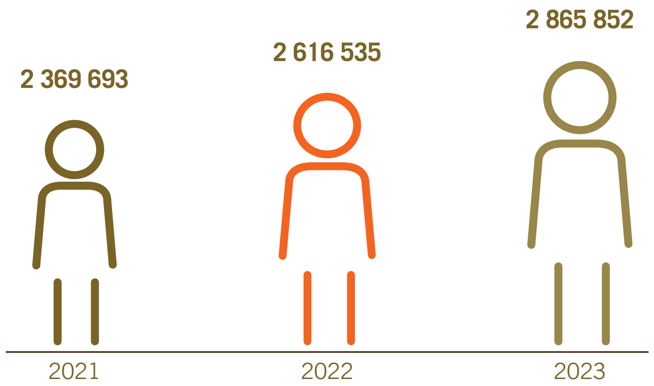
	Dec-22	Dec-23	Δ% 22-23
Total Assets	2 708 904,8	3 584 394,2	32,3%
Loans to Customers [1]	417 425,6	550 102,8	31,8%
Customer Deposits	2 040 285,2	2 857 665,5	40,1%
Equity and Equivalent Capital	484 289,5	567 526,0	17,2%
Operating Income	269 056	299 036,5	11,1%
Net Financial Income	216 176,1	246 934,8	14,2%
Non-Interest Income	52 879,9	52 101,7	-1,5%
Overheads [2]	102 343,3	114 256,6	11,6%
Net Profit	140 455,2	167 509,6	19,3%
Return On Total Assets [ROA]	5,6%	5,3%	-0,3 p.p.
Return On Equity [ROE]	32,0%	32,9%	0,9 p.p.
Cost-to-Income Ratio	38,0%	38,2%	0,3 p.p.
Total Assets / Staff	1 000,0	1 347,0	34,7%
Loan-to-Deposit Ratio	23,1%	21,0%	-2,1 p.p.
Total Capital Ratio [3]	43,5%	42,5%	-1,0 p.p.
30 days past-due Credit Ratio [4]	3,1%	2,0%	-1,1 p.p.
30 days past-due credit provisions coverage Ratio	378,2%	429,1%	50,9 p.p.
Credit provisions coverage due to Impairment(s)	11,6%	8,5%	-3,1 p.p
Customer Base	2 616 535	2 865 852	249 317
Total Number of Branches [5]	194	193	-1
Total Number of Staff Members	2 709	2 661	-48
BFA Net Penetration Rate	9,1%	16,0%	6,9 p.p
Debit Cards Penetration Rate	48,2%	51,3%	3,1 p.p

1) Total Credit Net of Impairments
2) It comprises staff costs, third-party supplies and services, depreciations and amortizations costs
3) Total Capital Ratio = Capital Adequacy Ratio
4) 30 days past-due credit ratio = Overdue Loans to Customers / Total Loans to Customers
5) Branches + Corporate Centres + Investment Centres + Private Banking

Business Development

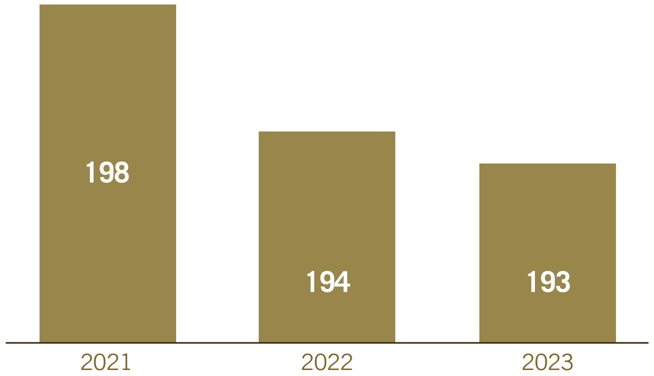
Customer Base

During 2023, BFA's customer base growth rate continued its upward trend, with an increase of +9.5 YoY, totaling 2,865,852 Customers.



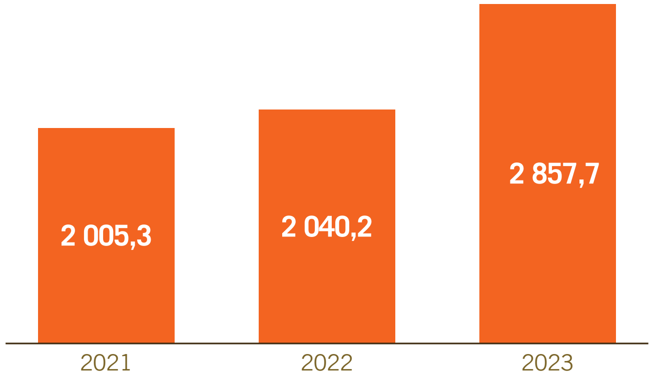
Branches

Over the course of 2023, BFA has shut down one of its retail network branches, leaving a total of 193 outlets. BFA's retail network is made up of Branches, Corporate Centres, Investment Centres and Private Banking offices.



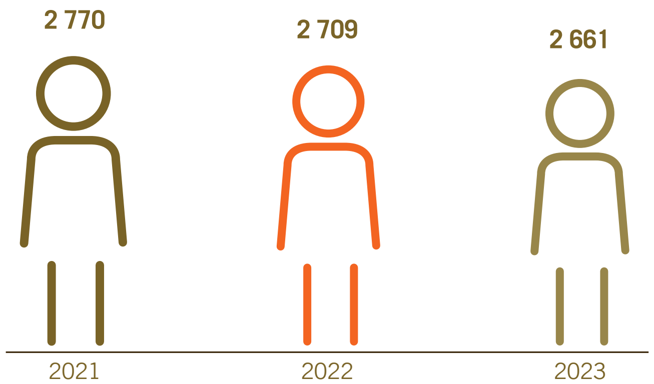
Total Deposits

In 2023, BFA's total deposit portfolio recorded an increase of +40.1% YoY, reaching a total of AOA 2,857,665.6 million.



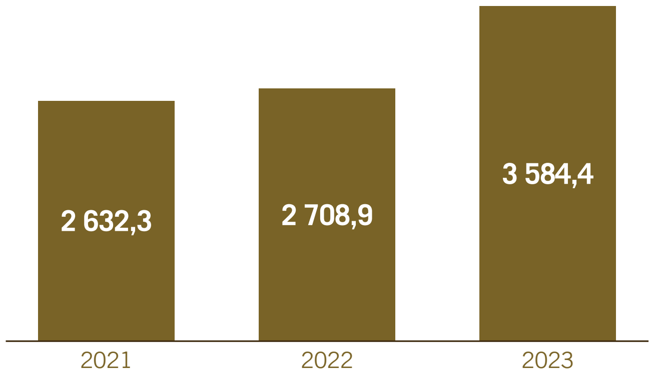
Team Members

Over the course of 2023, BFA slightly reduced the headcount to 2,661 staff members, which represents a decrease of 48 team members YoY.



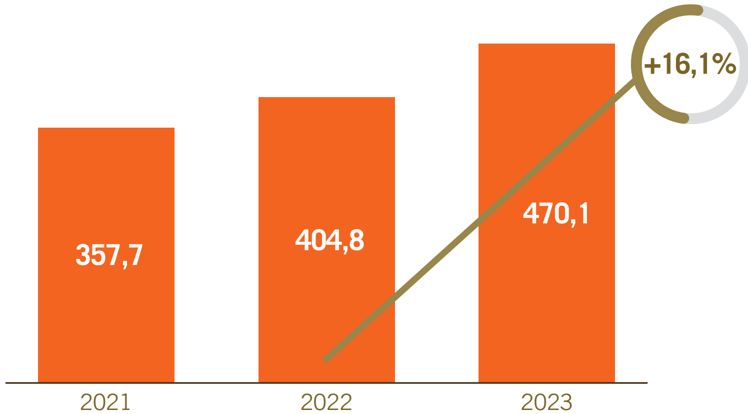
Total Assets

During FY2023, BFA's Total Assets portfolio rose by +32.3%, amounting to AOA 3,584,394.2 million.



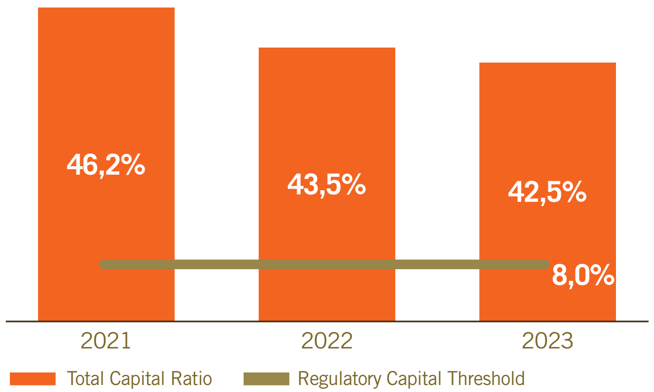
Total Capital

During 2023, BFA's Total Capital followed an upward trend, with an increase of approximately +16.1% YoY, totaling AOA 470,142.9 million.



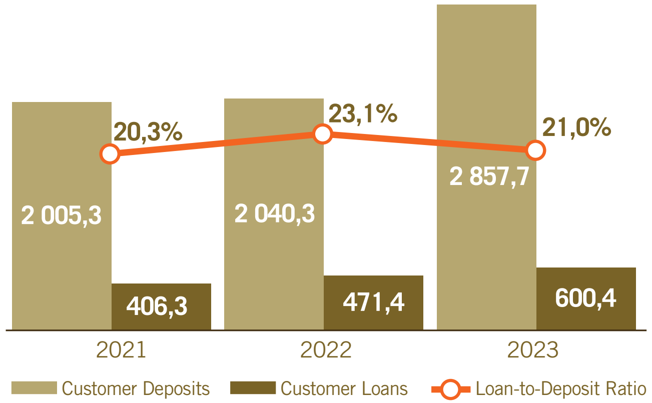
Total Capital Ratio

Over the course of 2023, BFA recorded a Total Capital Ratio of 42.5%, well in excess of the 8% regulatory capital threshold.



Business with Customers

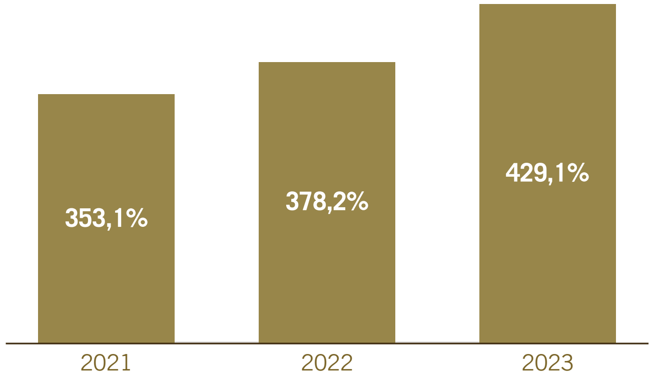
The Loan-to-Deposit ratio stood at 21% in FY2023, a mild decrease when compared to FY2022, as a result of customer deposits growth outpacing loan growth.



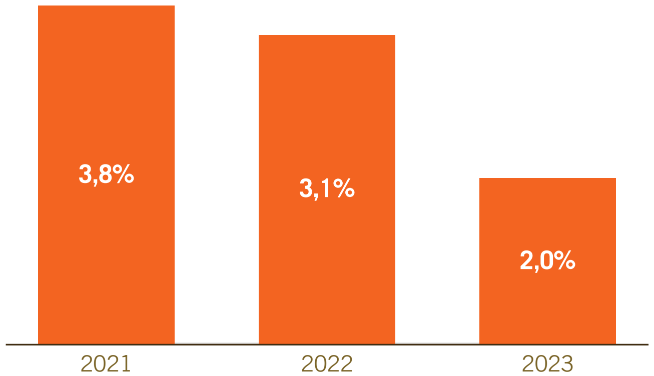
Loan Portfolio Asset Quality

Throughout FY2023, BFA's Loan Portfolio Asset Quality recorded a decrease of -1.1% in the 30 days past-due credit ratio, which stood at 2.0%, along with an increase in the 30 days past-due credit provisions coverage ratio which stood at 429.1%.

30 days past-due credit provisions coverage Ratio

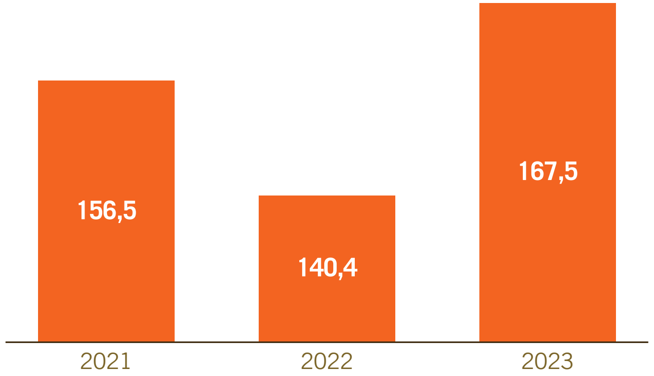


30 days past-due Credit Ratio



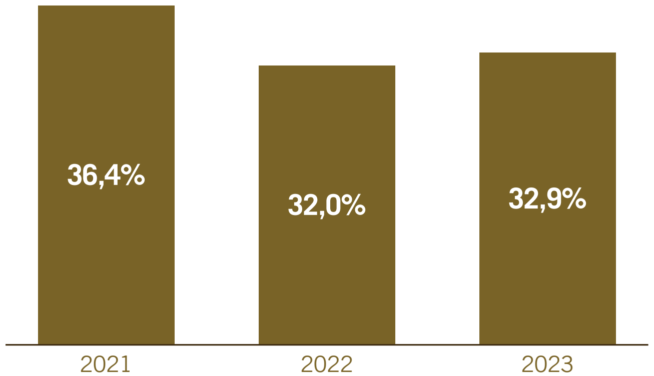
Net Profit

Over the course of FY2023, BFA achieved a Net Profit of AOA 167,509.6 million, up by +19.3% YoY.



Return-on-Equity

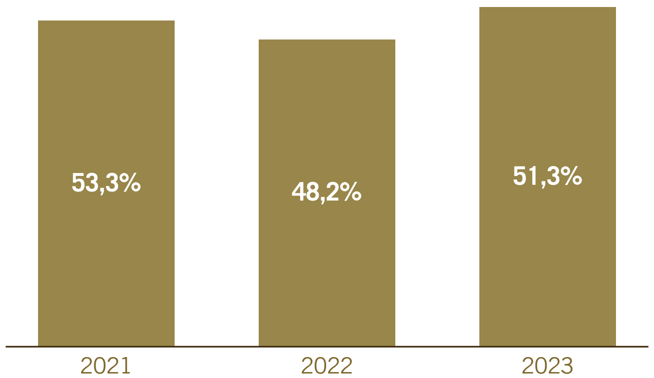
Over the course of FY2023, BFA's Return-On-Equity grew by +0.9 p.p. YoY, standing at +32.9 %. This positive financial performance was mainly due to the BFA's Net Profit increase of +19.3% YoY.



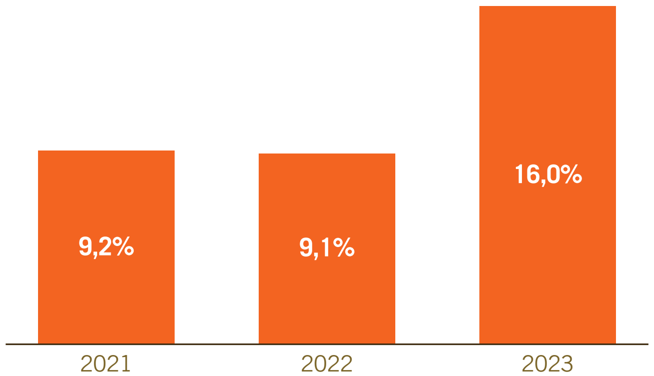
Services

Throughout 2023, the debit card penetration rate stood at 51,3%, up by +3,1% YoY. The BFA Net penetration rate stood at +16,0%, up by 6,0% YoY.

Debit Card Penetration Rate



BFA Net Penetration Rate

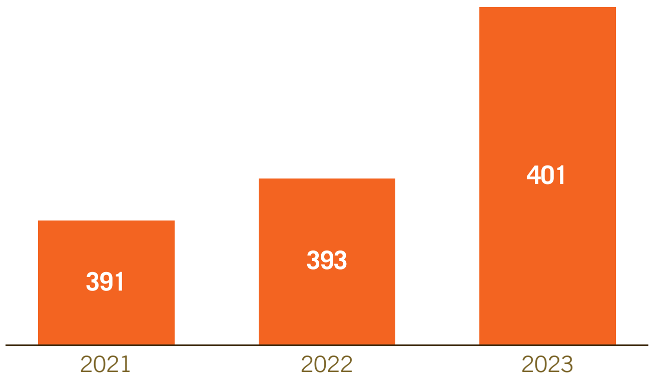


ATMs e POSs

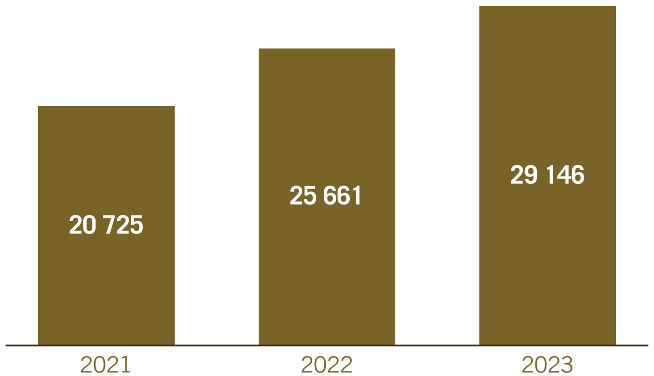
Over the course of 2023, BFA's services network nationwide comprised 29,146 active POS terminals, up +13.6% YoY.

The number of active ATMs also grew to a total of 401 units, which equates to an additional eight (8) new ATMs units.

Active ATMs



Active POSs



2024 Outlook

In the financial year 2024 (‘FY2024’), the Bank will continue to focus its endeavours and full attention on its core business: credit portfolio and development of novel ventures (new businesses). The long-term sustainability of its business model will be a high priority. Accordingly, by cost-cutting the services provided to the Mass Market segment, we intend to take pressure off the structural business units and create a higher level of resilience for BFA in high-value segments, with an enhanced, tailor-made, and customer-centric service that ensures higher revenue for the Bank. This will be the start of a new strategic planning cycle, which we hope will be more transformational for the whole organisation.

Against this backdrop, BFA is committed to putting the customer at the centre of all its business activities and operations (customer-centric strategy). Hence, it will continue to invest heavily and focus its attention on digital transformation, streamlining operational processes, enhancing its Human Capital’s efficiency and productivity, streamlining and enhancement of its service model, and upgrading its technological and data management infrastructures, with the aim of providing a better Customer experience and creating value for all Stakeholders.

Innovation, technology and digitalisation will continue to be the key components and BFA’s business cornerstones in the financial year 2024 (‘FY2024’). The focus on innovation involves exploring new markets, segments and novel ventures (new businesses), with specific products and solutions tailored to the particular reality of each market segment. BFA is committed to improving the customer experience with a renewed functional infrastructure focused on digital channels, automation and core banking.

Throughout 2024, BFA aims to strengthen the corporate activities and programmes carried out within the scope of the ESG-related topics, in order to further underpin its commitment to the socio-economic growth of Angola’s local communities and populations by raising sustainable financing and fostering financial literacy. This commitment will also be bolstered by the Bank’s sustainability roadmap, which BFA will begin to implement during this new cycle.

BFA deeply appreciates and recognises the role of its team members and is committed to investing in improving the quality of the workplace conditions, as well as in the training and empowerment of its team members. Through ongoing training programmes as well as recognition and incentive corporate initiatives, we will seek to ensure that each of the Bank’s Team Members has or acquires the relevant and appropriate skills and knowledge needed to face the market’s challenges and be of service to our Customers with the highest levels of professional performance and standards. By implementing these corporate initiatives, training schemes and skills-building activities within the organisation, we expect to achieve even higher levels of personnel engagement, commitment and performance.

In a nutshell, BFA is ready to face the upcoming challenges and hurdles that lay ahead in the future, with a sound and strong strategic plan, a strong commitment to both modernisation and innovation, and an unwavering commitment to sustainability.

2
ECONOMIC ENVIRONMENT

Economic Environment

Global Economy

According to the International Monetary Fund (IMF) forecasts disclosed within the 2023 economic outlook report, the global economy recorded a +3.1% growth in FY2023, down from +3.5 % reported in FY2022. This slowdown was mainly due to the implementation of more tight-handed monetary policies by the vast majority of the world's leading economies central banks, aimed at countering the upward trend of global inflation, which led to a sharp downturn in global demand, particularly noticed within the European Union and China's economies.

The world's most developed economies grew by approximately +1.6% over the course of FY2023, a sharp slowdown when compared with the +2.6% growth recorded in FY2022. This downturn of the most advanced economies is a direct result of the worldwide economic slowdown.

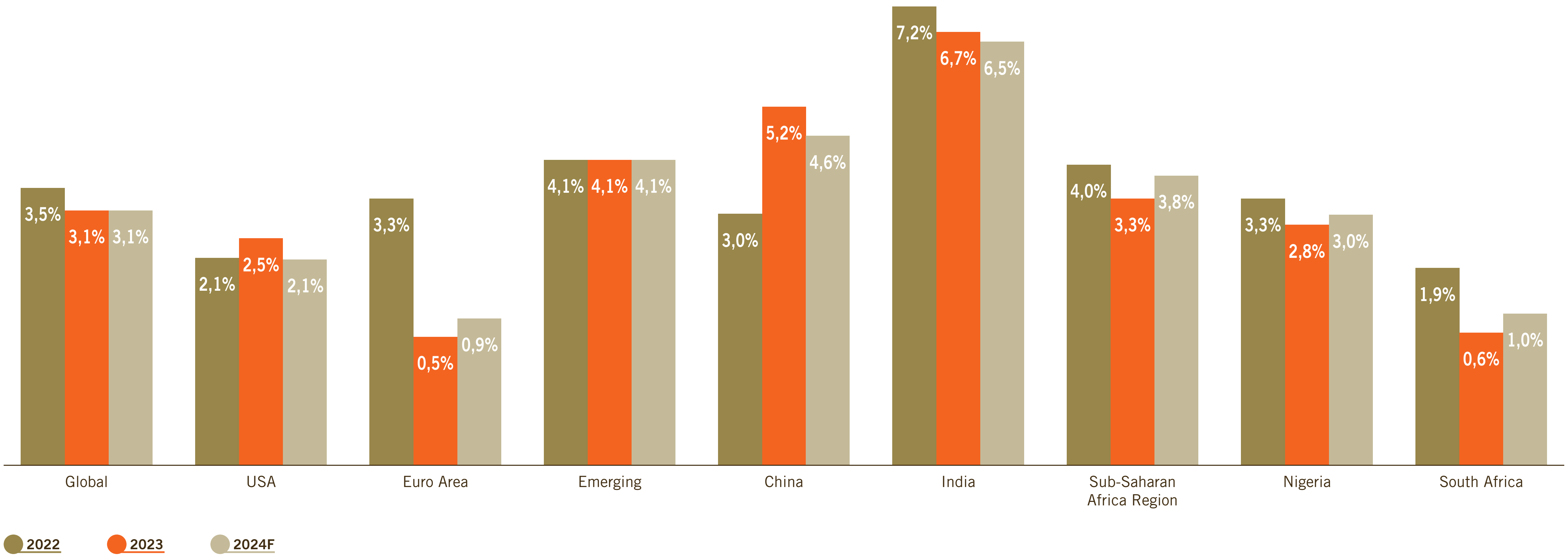
Notwithstanding, it is worth highlighting that both the US and Japanese economies have experienced an overall upward trend with regard to their economic activity. In the United States of America (USA), the economic activity grew by +2.5% in 2023 when compared to +2.1% recorded in 2022. In contrast, the Euro Area economy has recorded a sharp and considerable decline, recording a +0.5% growth rate against the +3.3% reported in 2022.

As far as emerging economies are concerned, the economic activity growth reported in FY2023 remained on track with the previous year, with Gross Domestic Product (GDP) increasing by +4.1%, in line with the same growth pace as the one recorded in FY2022. China's economy recorded a +5.2% growth rate against the +3.0% rise reported in FY2022, despite experiencing a lot of turmoil and having less of an impact on the rest of the world's economies than initially anticipated. On the other hand, the Indian economy's GDP slowed slightly to 6.7%, down from 7.2% recorded in FY2022. Despite this mild slowdown, India's GDP continues to grow at a very fast pace, particularly in view of the country's growing population.

With regard to the Sub-Saharan African economies, the economic activity growth rate remained relatively moderate, standing at approximately +3.3% in 2023, recording a -0.7% slowdown in comparison to the 4% recorded in 2022. As for South Africa, the country's GDP's growth of +0.6% experienced in 2023, brought the economy close to stagnation, signaling a sharp slowdown when compared to the +1.9% recorded in 2022.

In accordance with the IMF's forecasts disclosed within the 2023 economic outlook report, the global economy is projected to maintain its +3.1% growth pace throughout FY2024, with emerging economies expected to outpace advanced economies with a +4.1% growth rate compared to +1.5%, respectively. As far as the United States' GDP is concerned, it is anticipated that it will experience a decrease to approximately +2.1%, while regarding the Euro Area it is forecasted that it will experience a slight acceleration, reaching a +0.9% growth rate by year-end. With respect to the emerging economies, GDP's growth is estimated to be driven by Asian countries, which are foreseen to record an increase of +5.4% YoY. In India's case, in particular, it is forecasted to record the highest economic growth rate amongst the major emerging countries (+6.5%). Furthermore, the Sub-Saharan African region is anticipated to experience a GDP growth rate of approximately +3.8%, with Nigeria and South Africa expected to record a rise of +3.0% and +1.0%, respectively.

Global Real GDP Growth



Source: IMF

2023

Advanced Economies

- +1.6 % economic growth;
- Advanced Economies affected by high inflation and rising interest rates;
- Geopolitical turmoil with some impact, particularly affecting global logistics chains.

Emerging Economies

- +4.1% economic growth;
- Sub-Saharan Africa grew by +3.3%;
- China's Economy grew by +5.2%, lower than India's growth rate of +6.7%.

Global Economy: +3.1% growth rate in 2023

2024F

Advanced Economies

- +1.5% forecasted growth;
- In the majority of countries recession should be avoided, and partly reversed, such in the case of the German Economy;
- Interest rates could start to fall in H2 2024, supporting economic growth.

Emerging Economies

- +4.1% forecasted growth;
- Sub-Saharan Africa is expected to grow by +3.8%;
- Asian economies are anticipated to record a growth of approximately +5.2%, with a highlight on India.

Global Economy: +3.1% growth rate in 2024

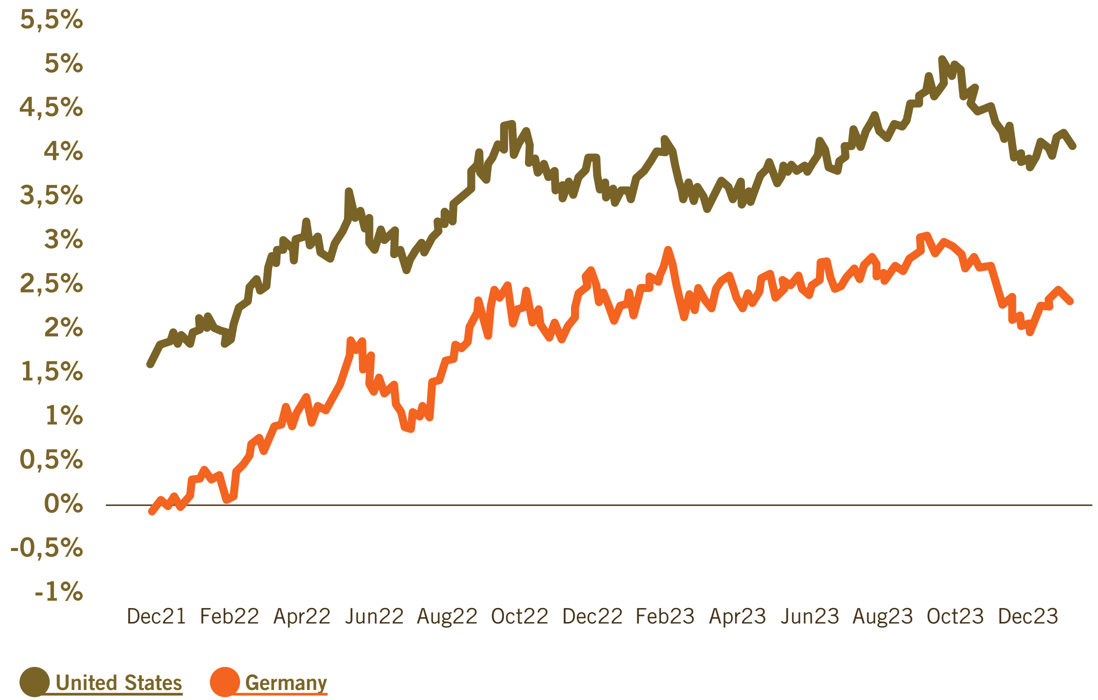
Money and Bond Markets

The financial year 2023 (‘FY2023’) was clearly characterised and shaped by the strong impact caused by rising interest rates, particularly noticeable in the advanced economies, leading to a reversal in inflation trends. At the same time, concerns lingered over the Chinese economy’s transition to a slower pace of economic growth. Furthermore, major geopolitical turmoil and tensions remained active and continued to unfold, including the conflict in the Middle East and its ramifications for maritime trade, as well as the ongoing impact of the Russia-Ukraine military conflict.

The monetary policy remained tight-handed in all the world’s major financial markets over the course of the year. The Federal Reserve raised its benchmark interest rates four consecutive times during FY2023, reaching the highest level in decades, ranging between 5.3 % and 5.5 %. Within the scope of the Euro Area, the European Central Bank (ECB) raised interest rates several times, reaching an all-time high during this period. These interest rates hikes took place at ten consecutive meetings, with the main ECB key interest rate standing at 4% by the end of FY2023. In view of the inflation reversal trend in both economic regions, it is currently anticipated that interest rates will not rise throughout FY2024. Nonetheless, it is expected that a decrease in interest rates levels will take place at the beginning of H2 2024. With regard to market rates, which provide a more accurate gauge of the liquidity levels and cost of money in the economy, the Secured Overnight Financing Rate (“SOFR”) for the US dollar closed the year at 5.4%, up from 4.3 % YoY. The Euribor rates rose slightly: the 12-month Euribor closed 2023 at approximately 3.5%, up from 3.3 % YoY.

Despite all shifts and movements that took place within the global economic landscape, the 10-year German government bond yield ended the year at +2.1%, reversing its course and remaining slightly under the rate recorded at the end of FY2022 (+2.6%). The US government bond yield for the same maturity term closed the year with a +4.1% yield, a slight increase over the +3.8% YoY. As far as emerging economies are concerned, the treasury bonds are showing some signs of recovery, but they are still under considerable pressure due to the high interest rate environment.

10-year Sovereign Debt Yield



Source: Bloomberg

Angolan Economy

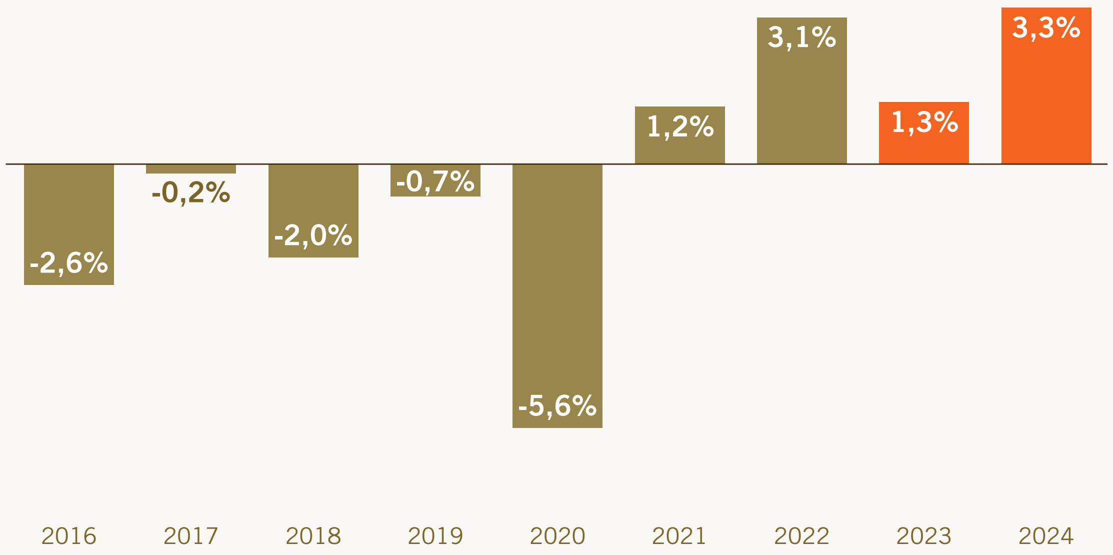
Economic Activity

In accordance with the International Monetary Fund (IMF) forecasts disclosed within the 2023 economic outlook report, Angola's real GDP growth rate throughout FY2023 stood at +1.3%, roughly 2.2 p.p. under the initial forecasted economic performance. Angola's FY2024 economic outlook is once again positive, and the IMF's forecasts a +3.3 % economic growth rate for the country. The National Bank of Angola (BNA) expects a 19% YoY inflation rate and foresees a +2.2% GDP growth. The inflation projections are highly affected and shaped by the ongoing trade exchange downturn, the low supply of goods and services in the short term, coupled with the domestic supply chain's fragility, along with persistent constraints and hurdles affecting the worldwide logistics chains. As far as Angola's economic activity is concerned, the outlook for Angola's GDP growth is mainly explained by the anticipated positive outcomes of the government's stimulus programmes for the non-oil production sector of the economy, with a +4.2% forecasted growth for the non-oil production sector, as opposed to a foreseen decrease in national crude oil output.

The Angolan economy has been experiencing a downturn trend in economic growth since the end of the FY2022, which has worsened in mid-2023 due to the national currency depreciation and the consequent loss of consumer purchasing power, an adverse event that negatively impacted consumer confidence. According to data disclosed by the National Statistics Institute (INE), the Angolan economy rose by +0.9% in FY2023. In Q4 2023, the Angolan economy's GDP grew by +1.4% YoY. Non-oil GDP increased by +1.2% during the same period, down 1.1 p.p. when compared to the Q3 2023; after four consecutive quarters of decline, the oil economy resumed growth, with oil output increasing by +2.2% year-on-year, adding 2.5 p.p. to the country's GDP growth rate. According to data from the National Agency for Petroleum, Gas and Biofuels (ANPG), during 2023, Angola produced an average of 1.09 million barrels per day (mbd), representing a decrease of 3.6% YoY.

The crude oil price per barrel performed similarly to the output, averaging USD $81.5, a decline of USD $19 against the annual average recorded in 2022.

Angola's Real GDP Growth (YoY, %)

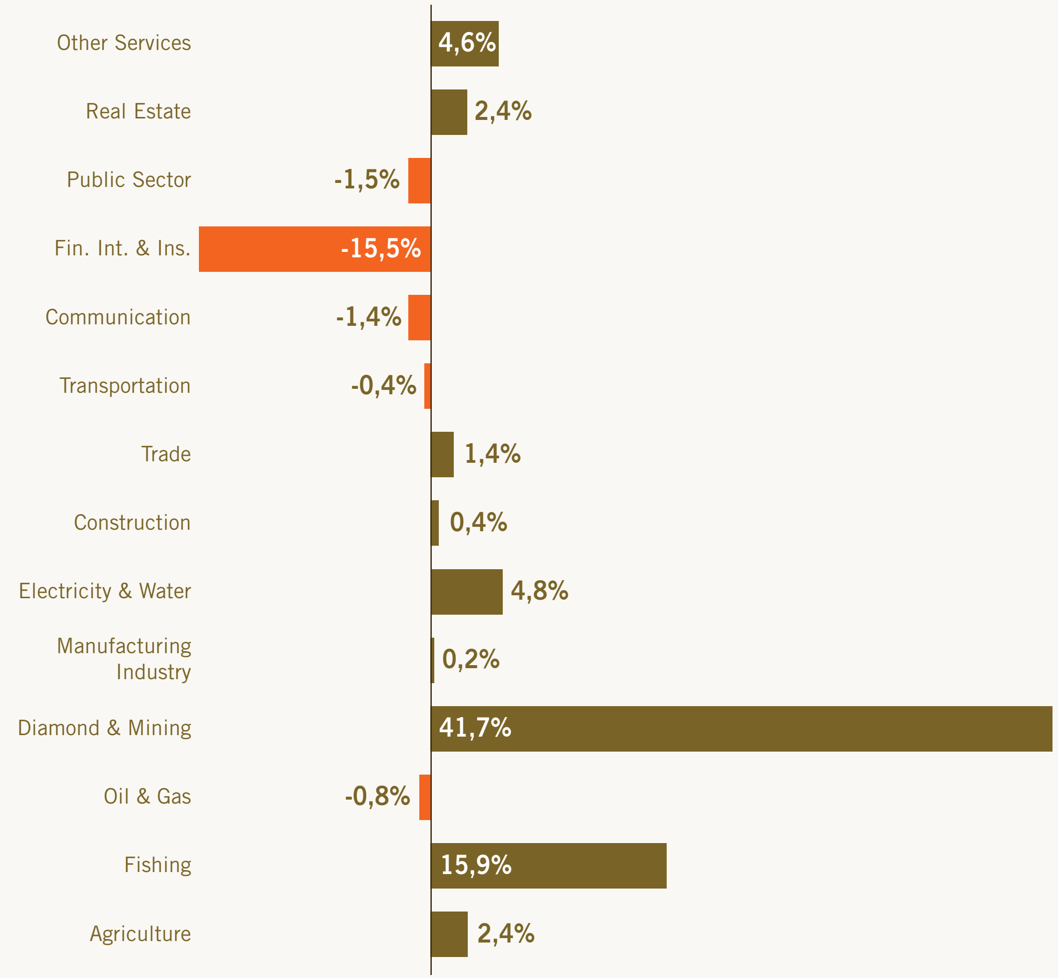


Source: IMF

Notwithstanding the lackluster performance of the oil economy, the performance of the non-oil economy was positive throughout FY2023. The agriculture and mining sectors were the top performers, with growth rates of +6.2%, +6.1%, respectively. On the other hand, the sector with the steepest decline was Financial Intermediation & Insurance (-22.5%). Notwithstanding the fact that some economic factors, namely the depreciation of the national currency which began in mid-May, the partial removal of fuel subsidies at the end of Q2 2023, and the reversal of the downward trend in year-on-year inflation, pointed to a possible contraction in the national economic activity, some other economic sectors proved to be somewhat more resilient than others and were able to withstand the economic downturn.

Over the course of FY2023, BNA's Monetary Policy Committee (MPC) held six meetings, initially adopting a stance favouring monetary easing. This approach was warranted by the downturn in the Consumer Price Index (CPI) growth witnessed at the year's outset, with national inflation experiencing consecutive decreases over the initial five months of the financial year. Nonetheless, BNA began to signal a shift towards a more tight-handed monetary policy at H2 2023 turn. At the last meeting held on the 20th and 21st November, BNA's Monetary Policy Committee decided to increase the main key interest rates and make use of other monetary policy control tools in response to the inflationary reversal trend.

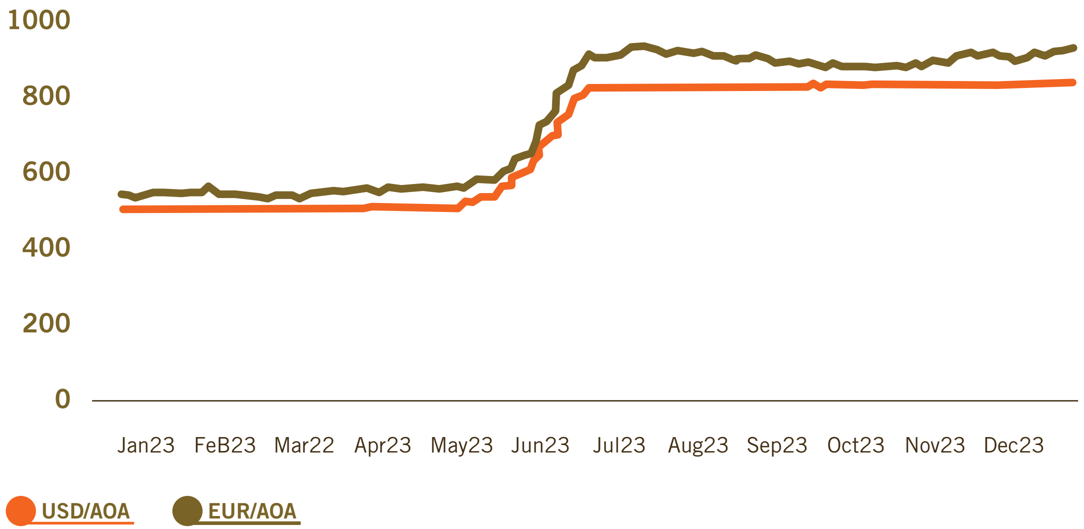
Economic Sectorial Inputs to Angola's GDP Growth Rate Q3 2023 (YoY, %)



Source: INE

Foreign Exchange Market

USA/AOA and EUR/AOA Exchange Rates



Source: BNA

As far as the Forex Market is concerned, FY2023 was shaped by a period of Kwanza's sharp depreciation against the Euro and the US Dollar. From the beginning of the year until mid-May there was a certain degree of stability, recording a USD/AOA 504 and EUR/AOA 545 average exchange rate for the period, respectively. From the second half of May until the end of June, the national currency depreciated approximately 40% against the US dollar and 41% against the Euro. This currency devaluation was mainly due to the high value of foreign currency-denominated debt obligations and the decrease in foreign exchange inflows into the country as a result of the drop in crude oil output revenues. A renewed period of stabilisation followed (with slight Kwanza currency devaluations) until the end of the fiscal year, which concluded with exchange rates against the US Dollar and the Euro standing at USD/AOA 828 and EUR/AOA 902, respectively. These exchange rates represent an appreciation of the Dollar and the Euro against the Kwanza of 64.5 % and 70.4 %, respectively, YoY.

External Sector

According to the BNA's economic report, in Q4 2023 the country's goods account recorded a balance of AOA 6.3 billion dollars, corresponding to a year-on-year drop in exports and imports in the range of -2.6% and -17.9%, respectively. When compared to Q3 2023, national exports and imports recorded a growth of +2.9% and +4.2%, respectively.

According to the economic data released by BNA, the country's balance of payments recorded a balance of 1.2 billion dollars in Q4 2023.

In 2023, Angola's net international reserves ended the year valued at 14.7 billion dollars, which corresponds to approximately seven months' worth of imports of goods and services.

Public Credit

By the end of December 2023, according to the economic data disclosed by the National Bank of Angola (BNA), the total credit provided to the private sector in national currency amounted to AOA 3.19 billion, an increase of +15.6% YoY, and up by more than AOA 415 million since the beginning of the year. As for the breakdown of total credit by economic activity sector in the period under review, it is worth highlighting the following elements:

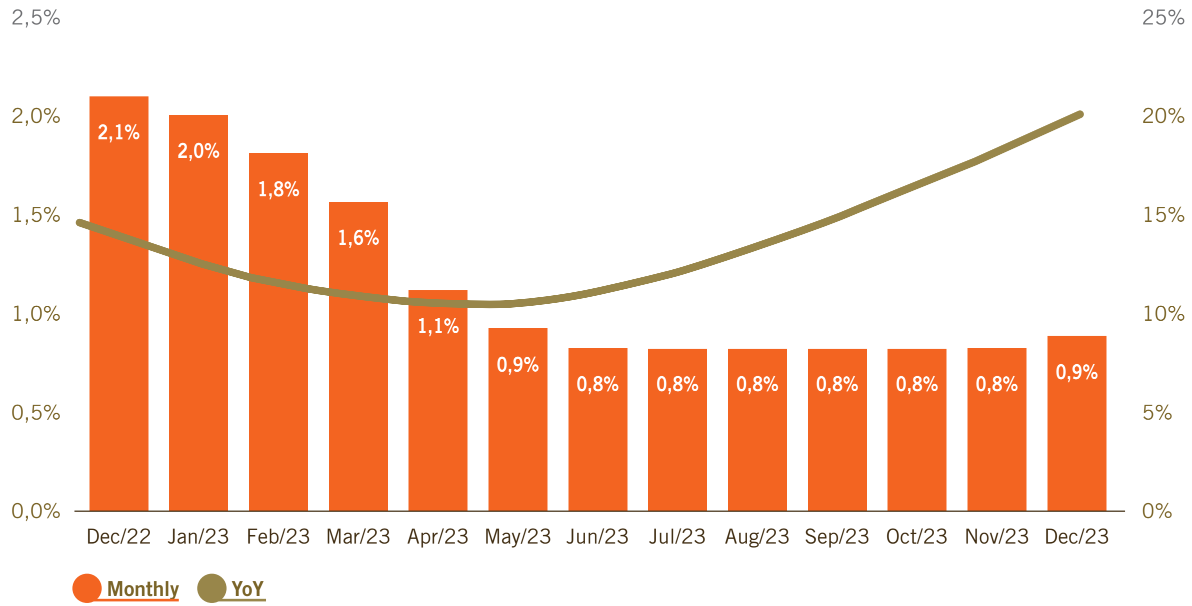
- Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles accounted for 20.7% of the total credit granted (AOA 1,287.4 million);
- Households accounted for 19.5% of the total credit (AOA 1,240.8 million);
- Manufacturing industries accounted for 10.2% of the total credit granted.

Inflation

As far as inflation data is concerned up until Q1 2023, it began a steady downturn streak of ongoing monthly year-on-year drops (starting in February 2022). In May 2023, inflation rounded off the downturn cycle and rose by 0.02% when compared with the previous month.

At the end of FY2023, the inflation rate reached 20.0%, up by 6.1% from the 13.9% recorded in FY2022. This increase was mostly driven by the exchange rate depreciation that has taken place since the end of May, the impact of the fuel subsidies removal imposed by the government and the lingering inflation.

Since mid-2023, the inflation rate in Luanda Capital, has been rising at a faster pace than in the other provinces, ending the year with a 26% inflation rate, the highest level since 04/2022 and around 6 p.p. above the national average.



Source: INE

National Banking Sector

As far as the National Banking Sector's financial analysis summary is concerned (2022-2023), it is worth highlighting the +73.2 % increase in External Net Assets and the 3.0 % decline in Internal Net Assets YoY. Net Domestic Credit in 2023 totaled AOA 12.9 million, up +31.1% YoY. Net Credit to the Non-Financial Public Sector rose by +32.0% YoY, totaling AOA 7 million in 2023.

Furthermore, Net Liabilities increased by +39.5% YoY, an inverse trend in respect to the heading Other Non-Liquid Liabilities, down by 9.5% YoY.

With regard to Angola's national banking sector's soundness, taking into account the financial data provided by the BNA in December 2023, it can be accurately verified that at year-end (as far as Capital Adequacy is concerned), the Banking System's Total Capital Ratio was equal to 30.3%, a figure well in excess of the 8% regulatory threshold.

As for Angola's National Banking Sector's financial performance in terms of Earnings and Profitability, during H1 2023 recorded an increase in both Return-on-Assets and Return-on-Equity ratios (ROA and ROE). Throughout Q3 2023, both ratios declined on a monthly basis, reaching 4.2% and 30.4% in December 2023, respectively (higher values than the ones reported at the end of 2022).
The Cost-to-Income ratio stood at 43.7% in December 2023, a year-on-year drop when compared to FY2022 (57.8%), thus demonstrating an overall improvement in the sector's operational efficiency.

Lastly, the 30 days past-due credit ratio also increased slightly when compared to the beginning of the year, reaching 15.1% in December. This figure represents a major challenge for the banking sector, as it reveals that a significant proportion of the loans portfolio are at risk of default.

Regulatory Amendments

Chart summarising the Decree-Laws published in 2023, whose subject matters are of interest to the banking and financial activities or whose regulations may impact the Bank's operations.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
1	Law no. 2/23, dated 13th March	National Assembly	Approves the General State Budget for the FY2023.
2	Law no. 12/23 dated 27th December	National Assembly	General Labour Law. Repeals Law 7/15 dated 15th June, rectification no. 15/15 of 2nd October, as well as all provisions that contradict the provisions of this Law.
3	Law no. 13/23, dated 28th December	National Assembly	Legislative Authorisation to pass into law the Customs Tariff and Import Duties.
4	Law no. 14/23, dated 28th December	National Assembly	Amendment to the Value Added Tax Code.
5	Law no. 15/23, dated 24th December	National Assembly	Approves the General State Budget for the FY2024.
6	Presidential Decree-Law no. 73/23, dated 15th March	Presidency of the Republic	Approves the National Strategy and General Guidelines of the Comprehensive Plan related to Anti-Money Laundering, Counter Terrorist Financing and the Proliferation of Weapons of Mass Destruction (AMD/CTF/PWMD).
7	Presidential Decree-Law no. 95/23, dated 6th April	Presidency of the Republic	Approves the Communication and Electronic Processing of Tax Procedures and Tax Enforcement Proceedings Legal Framework.
8	Presidential Decree-Law no. 118/23, dated 19th May	Presidency of the Republic	Authorises the Minister of Finance to resort to treasury bills issuance, up to the limits established by the 2023 General State Budget.
9	Presidential Decree-Law no. 119/23, dated 19th May	Presidency of the Republic	Authorises the Minister of Finance to resort to treasury bonds issuance, up to the limits established in the 2023 General State Budget.
10	Presidential Decree-Law no. 144/23, dated 29th of June	Presidency of the Republic	Lays down the legal framework applicable to the issuance of invoices and receipts by purchasers of goods and services on behalf of their suppliers, providers of goods and services.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
11	Presidential Decree-Law no. 160/23, dated 28th of July	Presidency of the Republic	Provides amendments to the Presidential Decree-Law no. 204/11 dated 6th July, articles 3, 4 and 5 on the Rules of Procedure applicable to articles of association recognition and modification as well as extinction of foundations.
12	Presidential Order no. 200/23, dated 25th August	Presidency of the Republic	Provides amendments to the operational scope of RECREDIT Asset Management S.A. to focus on the management of financial assets acquired from Banco de Poupança e Crédito, as well as in an ancillary capacity to Asset Management, financial holdings and assets, whose ownership derives from its main purpose, with a view to their disposal, as well as the provision of credit recovery services for the entire national banking sector, regarding the term of RECREDIT Asset Management S.A., which now becomes indefinite.
13	Notice no. 1/23 dated 30th June	BNA	Lays down the rules and regulations that must be complied with by banking financial institutions headquartered in Angola when opening, maintaining, operating and closing bank accounts for natural and legal persons.
14	Notice no. 3/23, dated 9th March	BNA	Lays down the rules and regulations that must be complied with when carrying out foreign exchange transactions by natural persons.
15	Notice no. 4/23, dated 28th of June	BNA	Lays down the legal requirements and procedures for setting up micro-credit companies and credit co-operative companies, as well as for registering micro-credit operators.
16	Notice no. 5/23, dated 29th June	BNA	Lays down the minimum share capital applicable to non-banking financial institutions linked to currency and credit, under BNA oversight.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
17	Notice no. 6/23, dated 3rd July	BNA	Lays down the relevant operating rules for the financial activities authorised to Microcredit companies, as well as the information disclosure obligations they are subject to, and the legal requirements and procedures for the provision of services related to Microcredit operations.
18	Notice no. 7/23, dated 6th July	BNA	Lays down the relevant operational regulations for the activities authorised for credit unions, as well as the information disclosure to which they are subject to.
19	Notice no. 8/23, dated 17th July	BNA	Lays down the process of setting up the Database Service (BDC) as an official institution, whose purpose is to centralise, manage and monitor the reporting of information submitted by financial institutions regarding deposit and payment accounts and associated information, including agents and transactions, as well as being the custodian of this information in order to contribute to the dissemination of macroeconomic indicators, assessment and statistical studies.
20	Notice no. 9/23, dated 3rd August	BNA	Lays down special legal schemes for housing loans and construction loans and stipulates the eligibility requirements, terms and conditions and costs applicable to these loans, as well as their processing in the calculation of compulsory reserves.
21	Notice no. 10/23, dated 28th August	BNA	Lays down the rules and procedures that solvent banking financial institutions facing temporary liquidity problems must follow when applying for credit from the BNA, by providing suitable and relevant guarantees and, where appropriate, subject to the adoption of corrective measures.
22	Notice no. 11/23, dated 27th October	BNA	Provides amendments article 5(3) of Notice no. 2/20 dated 9th January, which establishes the rules and procedures that must be complied with when carrying out current invisible exchange operations by legal persons.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
23	Notice no. 12/23, dated 4th December	BNA	Lays down the legal requirements for the provision of External Auditing services.
24	Notice no. 13/23, dated 14th December	BNA	Lays down the legal criteria and procedures that banking financial institutions must comply with when entering into an agreement on forward exchange transactions with their clients.
25	Instruction no. 01/CMC/03-23, dated 17th March	CMC	Disclosure of information on trading on a regulated market.
26	Instruction no. 02/CMC/03-23, dated 17th March	CMC	Disclosure of information by securities issuers.
27	Instruction no. 03/CMC/03-23, dated 17th March	CMC	Disclosure of information on derivatives contracts.
28	Instruction no. 04/CMC/03-23, dated 17th March	CMC	Disclosure of information by financial brokerage agents.
29	Instruction no. 05/CMC/03-23, dated 21st March	CMC	Outlines the transfer of investment services and activities in securities and derivative instruments.
30	Instruction no. 06/CMC/04-23, dated 19th April	CMC	Report on Anti-Money Laundering, Counter Terrorism Financing and the Proliferation of Weapons of Mass Destruction (AML/CFT/PWMD).
31	Instruction no. 07/CMC/06-23, dated 26th June	CMC	Disclosure of information by entities certifying real estate appraisers for real estate collective investment schemes.
32	Instruction no. 08/CMC/06-23, dated 26th June	CMC	Disclosure of information by External Auditors.
33	Instruction no. 09/CMC/03/06-23, dated 29th June	CMC	Outlines the transfer of securities within the scope of the transition process for securities and derivatives investment services and activities.
34	Instruction no. 03/2023, dated 27th February	BNA	Chart of Accounts for Financial Institutions.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
35	Instruction no. 04/2023, dated 30th March	BNA	Outlines Mandatory Capital Reserves.
36	Instruction no. 08/2023, dated 19th July	BNA	Custody Rate Applicable to unrestricted Cash and Cash Equivalents Reserves at the National Bank of Angola (BNA).
37	Instruction no. 09/2023, dated 25th July	BNA	Outlines the Accounts Database Operation
38	Instruction no. 10/2023, dated 09th August	BNA	Lays down the Prudential Thresholds for Major Risks - Holdings in Non-Financial Companies.
39	Instruction no. 11/2023, dated 09th August	BNA	Calculation and Requirement of Total Capital related to Credit Risk and Counterparty Credit Risk.
40	Instruction no. 14/23, dated 23rd October	BNA	Mandatory Minimum Information Disclosure Requirements related to Anti-Fraud and High-Level Security for the Authentication of Transactions.
41	Instruction no. 17/2023, dated 6th December	BNA	Lays down the Information Disclosure Report for the Commission Rates Index Calculator.
42	Instruction no. 10/CMC/12-23, dated 15th December	CMC	Provides amendments to Instruction no. 05/CMC/03-23, dated 21st March, regarding the transfer of securities and derivative instruments services and investment activities.
43	Directive 03/DME/2023, dated 6th February	BNA	Lays down the setting up of compulsory foreign currency reserves.
44	Directive 04/DME/2023, dated 2nd February	BNA	Outlines Indicative Exchange Rates of Purchase and Sale submitted by Banking Financial Institutions on the Bloomberg FXGO Platform (AOA-BGN).
45	Directive 05/DME/2023, dated 29th March	BNA	Lays down the Basic Interest Rate (BNA Rate), the Marginal Lending Facility (MGF) and the Liquidity Absorption Facility (LAF) Rates.

N.º	LEGAL DOCUMENT CATEGORY	ISSUING BODY	REGULATORY SUBJECT MATTER
46	Directive 06/DME/2023, dated 30th March	BNA	Lays down the legal requirements for the Calculation and Compliance with Mandatory Capital Reserves.
47	Directive 07/2023, dated 26th June	BNA	Lays down the legal procedures for the signing of sales agreements in Foreign Currency (FC) by Oil&Gas and Diamond Companies.
48	Directive 12/2023, dated 28th November	BNA	Lays down the legal requirements for the Calculation and Compliance with Mandatory Capital Reserves.
49	Directive 13/DRO/2023, dated 20th December	BNA	Stipulates the disclosure of information regarding Financial Institutions staff members to the National Bank of Angola.
50	Circular Letter no. 02/2023, dated 3rd March	BNA	Lays down the disclosure regarding FATF Measures.
51	Circular Letter no. 03/2023, dated 17th March	BNA	Notice no. 10/2022, dated 6th April on Lending to the Real Economy - Textile Industry.
52	Circular Letter no. 04/2023, dated 6th April	BNA	Outlines the Processing of Bank Accounts Held by Minors.
53	Circular Letter no. 06/2023, dated 2nd August	BNA	Lays down the legal requirements for the Production of Fertilisers and Soil Correction Materials.
54	Circular Letter no. 07/2023, dated 31st October	BNA	Disclosure of information regarding the Financial Action Task Force (FATF) Measures.
55	Circular Letter no. 08/2023, dated 6th November	BNA	Outlines the training programme for internal control functions.
56	Circular Letter no. 09/2023, dated 22nd November	BNA	Plataforma Blomberg FXGO.


3
THE BFA

30-Year History

1990
- Opening of a representative office of the former Banco de Fomento Exterior (BFE) in Luanda.

1993
- The BFE strengthened its presence in Angola with the opening of a branch in Luanda, which began operating as a Universal Commercial Bank, with a share capital equivalent to 4 million USD.

1996
- BFA acquires the legal status of an autonomous entity under Angolan law.

2002
- BFA acquires the legal status of a full autonomous banking entity under Angolan law.

2003
- Opening of the new BFA Head Office in Luanda, a major milestone achieved in terms of positioning the BFA brand in the Angolan market and a major landmark within the Bank's Retail Network expansion plan, since it allowed the Bank's Central Services to be located in a single building.

2004
- Start of the Retail Network customer segmentation process with the opening of the first three Corporate Centres, aimed at specialised service to Corporate Customers.

2005
- BFA's Social Fund was established, based on three pillars of action: Education, Health and Social Solidarity;
- Rollout of the BFA Gold Credit Card, making it the first credit card available in the Angolan market;

2006
- Considerable boost to the expansion of the retail network and strengthening of the customer segmentation, with the opening of the first Investment Centre.

2007
- Expansion of the Retail Network with 96 Retail Outlets, 83 Branches, 7 Business Centres, 4 Investment Centres and 2 Banking Service Points;
- In partnership with VISA and EMIS, BFA is the first bank to rollout a cash withdrawal service using credit and debit cards at all BFA ATMs;

2008
- Changes to the shareholding structure as a result of the sale of 49.9% of BFA's capital to Unitel;
- Expansion of the Investment Centres Network to the Benguela Province, with the opening of the first Investment Centre in Lobito;
- Rollout of the BFA Super Savings product, the main instrument for attracting new customer deposits, particularly in USD.

2009
- Expansion of the Retail Network to 129 retail outlets.
- Rollout of the BFA Savings Plan product and the Western Union service.

2010
- Establishment of the Central Archive as part of an up-to-date and dynamic information system, aimed primarily at improving the quality of customer service in terms of enquiries and documentation requests.

2011
- Rollout of the BFA SMS service for private customers;
- Start of the eMudar@BFA project, aimed at providing the Bank with an application platform for process management;
- Signing of the Bankita Programme Agreement with the BNA.

2012
- Establishment of the Oil & Gas Operators Business Centre which ensured an effective response to the specific needs of Oil&Gas operators;
- Expansion of BFA's Retail Network to a total of 167 retail outlets, 139 branches, 15 Corporate Centres, 8 Investment Centres and 5 Banking Service Points in December;
- BFA's retail counters in the Luanda province reach a 20% market share (out of a total of 498).

2013
- Establishment of the Oil & Gas Corporate Centre - Vendors, which ensured an effective response to the specific needs of service provider companies for Oil & Gas industry corporations.

2014
- Rollout of the BFA Customer Service Line;
- Rollout of the Kandandu Prepaid VISA Card.

2015
- BFA becomes the first member of BOVIDA, with more than 70% of the market share in terms of number and volume of transactions;
- BFA releases its first mobile application.

2016
- Legal incorporation of the company "BFA Asset Management", whose corporate purpose consists of the marketing and management of investment funds.

2017
- UNITEL buys +2% of BFA's share capital, becoming the majority shareholder.

2018
- Establishment of the Agribusiness Department, tasked with supporting the sustainable development of this business sector in Angola;
- Effective implementation and operationalisation of the Bank's Risk Management Function;
- Launch of BFA's Training Academy.

2019
- BFA reaches a customer base of over two million customers;
- Completion of the Risk Function Implementation and Operationalisation process;
- Opening of the first BFA Private Banking branch;
- Establishment of two specialised Business Centres for the Public and Institutional Business Sectors.

2020
- BFA becomes the first Angolan Bank to accept American Express Cards;
- Upgrade to Banka 3G version.

2022
- Release of the BFA App 2.0;
- Incorporation of the company BFA Capital Markets.

2023
- Rollout of the Banking Representatives Network "BFA Here";
- Incorporation of the company "BFA Pensions";
- Implementation of a new Data Center;
- Rollout of the banking service points "Orange Spaces".

Corporate Governance

Corporate Governance Guiding Principles

The BFA Corporate Governance Policy's Guiding Principles in force are underpinned by the strict compliance with both national and international legislation and regulations, applicable international standards and recognised best corporate practices as well as in alignment with the highest ethical and deontological values and principles.

- **Management transparency**:
  - Ongoing and complete **Internal Information** that enables the non-executive board members and the supervisory board members to effectively fulfil their oversight and monitoring duties;
  - Comprehensive and accurate **External Information** that allows shareholders, authorities, auditors, investors and the community in general to assess the quality and compliance of the information provided and the outcomes achieved;
- **Independence** of the executive management team with regard to shareholders or any particular business interests;
- **Fairness and Harmony** in the relationship with Shareholders, Customers and Personnel as well as in the alignment of all stakeholders' interests;
- **Loyalty**, embodied in the implementation of organisational mechanisms to prevent potential cases of conflicts of interest;
- **Efficiency** in the operation and interaction amongst all the Bank's management and supervisory bodies;
- **Accuracy** in managing the many different inherent risks underlying the Bank's operations and activity;
- **Decision-Making Involvement**, achieved through the adoption of collegial models in decision-making processes and by fostering and supporting teamwork;
- **Performance and Merit-Based**, are the key criteria for the conditions underlying BFA's personnel and directors compensation;
- **Value Creation**, the underlying core premise behind all previous outlined principles and the primary goal of both BFA's Board/Executive Management and Personnel Members.

Corporate Structure and Governance Model

Shareholder Structure

BFA was incorporated by public deed on August 26th of 2002, following the changeover of Banco BPI, S.A.'s Angolan Branch into a legal banking entity under Angolan law.

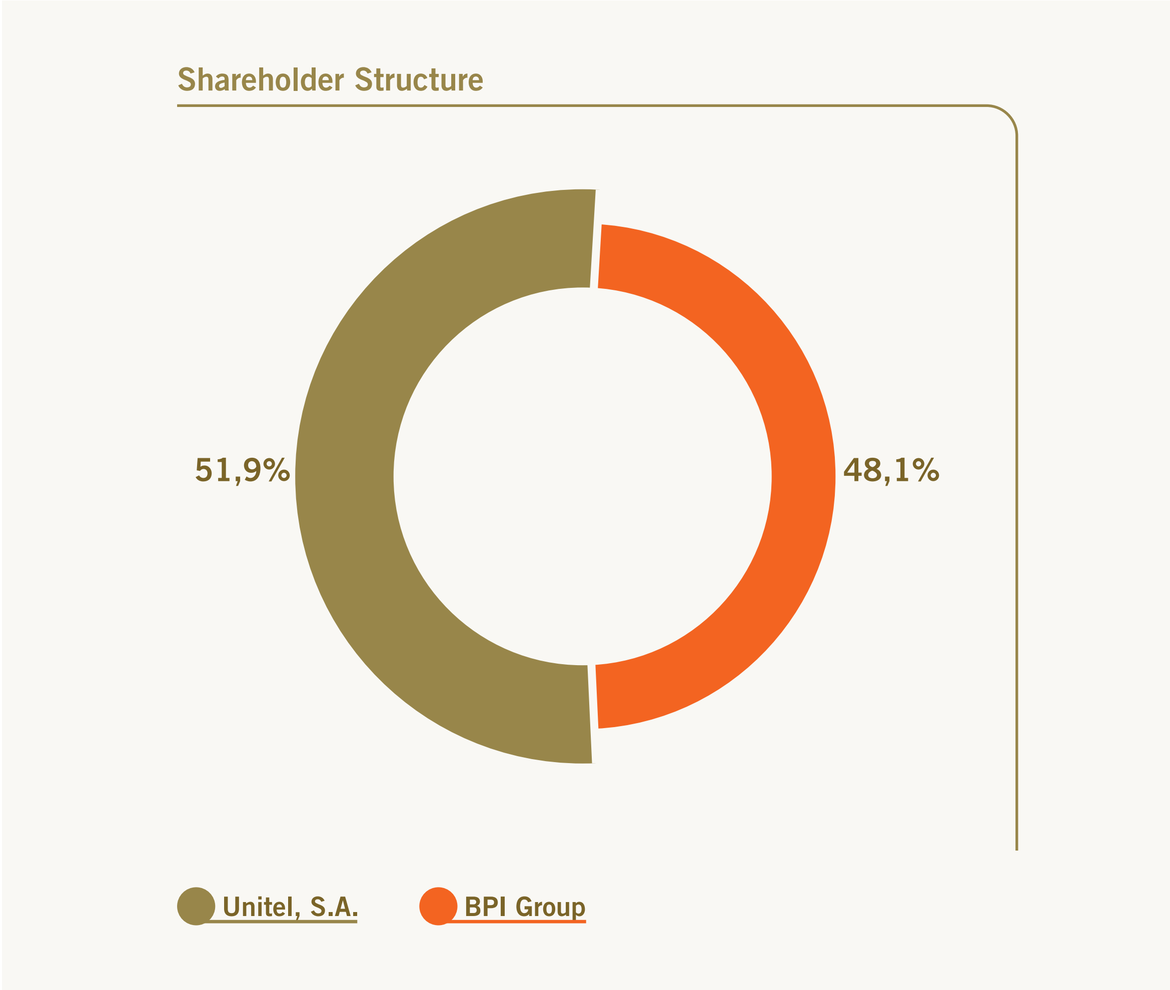
Until the beginning of 2017, BFA was majority owned by the BPI Group, with 50.1% of the respective share capital, and with the remaining 49.9% held by UNITEL, S.A.

On January 5th of 2017, in line with the purchase and sale agreement celebrated on October 7, 2016, BPI, sold its 2% participation in BFA to Unitel. The latter became BFA's major shareholder, holding 51,9% of its share capital.

Pursuant a public deed published in the Official Gazette (Diário da República) III Series - No. 11, of 17th January 2017, in accordance with the unanimous written resolution of the company's shareholders, dated 14th October 2016, and the corresponding authorisation from the National Bank of Angola (BNA), BFA's articles of association were comprehensively redrafted as a result of the change in its shareholder structure.

The company's share capital, fully subscribed and paid up, is AOA 45 billion and is represented by 9 million shares with a nominal value of AOA 5,000 each.

As of the 31st of December 2023, BFA's share capital remains allocated to the following shareholders:



BFA Holdings

The BFA holds equity stakes in the following companies:

	EMIS – Interbank Services Company	Housing Development Company	Capital Markets Institute	BFA Asset Management Company, CISMC, PLC	BFA – Pensions PFMG, PLC	BFA – Capital Markets. SBDC, PLC
Equity holdings	18,81%	50%	2%	99,99%	97,44%	99,94%
Business Activity	Infrastructure management and supporting technology for national and cross-border payments. Card Management and Control (debit and credit); Provision and management of electronic services regarding information and data transmission and management; Management of the POSs and ATMs network.	Management of the Housing Credit Guarantee Fund to be granted by BFA within the scope of the Zango housing project, to be co-developed by BFA and the José Eduardo dos Santos Foundation.	Provision of training services for capital market participants.	Collective Investment Schemes Management Company.	Pension Fund Management Company.	Securities Broker-Dealer Company.

EMIS – Interbank Services Company

The BFA is a founding shareholder of EMIS – Interbank Services Company, PLC ("EMIS"), and is also its largest private shareholder, holding 18.81% of the share capital. In addition, BFA is also its main client and user of the services provided by EMIS, which currently manages the entire national payment system (Multicaixa network, credit transfer and check clearing systems, as well as the card issuing and management platform).

EMIS's corporate purpose is to provide banking services, specifically payment system management, such as the Multicaixa network and national payment systems, with particular emphasis on credit transfers and check clearing.

According to EMIS' articles of association, approved at the General Meeting on December 17th, 2010, the EMIS management is performed by a board of directors, which may delegate the day-to-day management to an executive committee.

Throughout its existence, EMIS has received constant support and encouragement from BFA for its corporate initiatives, with BFA often being one of the leading banks in the financial system to seek out and implement new solutions and services to be made available in the market.

BFA – Asset Management Company

BFA Asset Management Company ("BFA AMC") is a privately held Angolan company, with its own assets portfolio and financial and administrative autonomy, registered with the Capital Markets Commission since December 2016.

As a market leader with a team of high-level professionals in Financial Markets, BFA Asset Management's main purpose is the professional activity and management of one or more collective investment schemes (CIS), as well as the marketing of participation units and investment consulting services. BFA AM's investment strategy covers a range of asset classes identified through careful monitoring and analysis of opportunities and trends that the markets present throughout their course.

BFA Capital Markets – Securities Broker-Dealer Company PLC

BFA Capital Markets - Securities Broker-Dealer Company PLC, was incorporated under the Presidential Decree-Law no. 5/13, dated 9th October, which approves the Securities Broker-Dealer Companies Legal Framework, and was registered with the Capital Markets Commission under company registration No. 02/SDVM/CMC/01-2023.

The company's strategy behind the incorporation of the BFA Capital Markets - Securities Broker-Dealer Company PLC, aimed to secure the leading position held by the BFA Group in the capital market and to provide financial brokerage services in the securities market by offering a wide range of investment products and services.

In terms of the corporate governance model and the internal control system, the company has implemented the three-line defense model in force at the parent company and the corporate governance policy currently in place at the BFA Group. Additionally, the board members portfolios are properly arranged and allocated among the Board of Directors Members.

BFA Pensions – Pension Fund Management Company, PLC

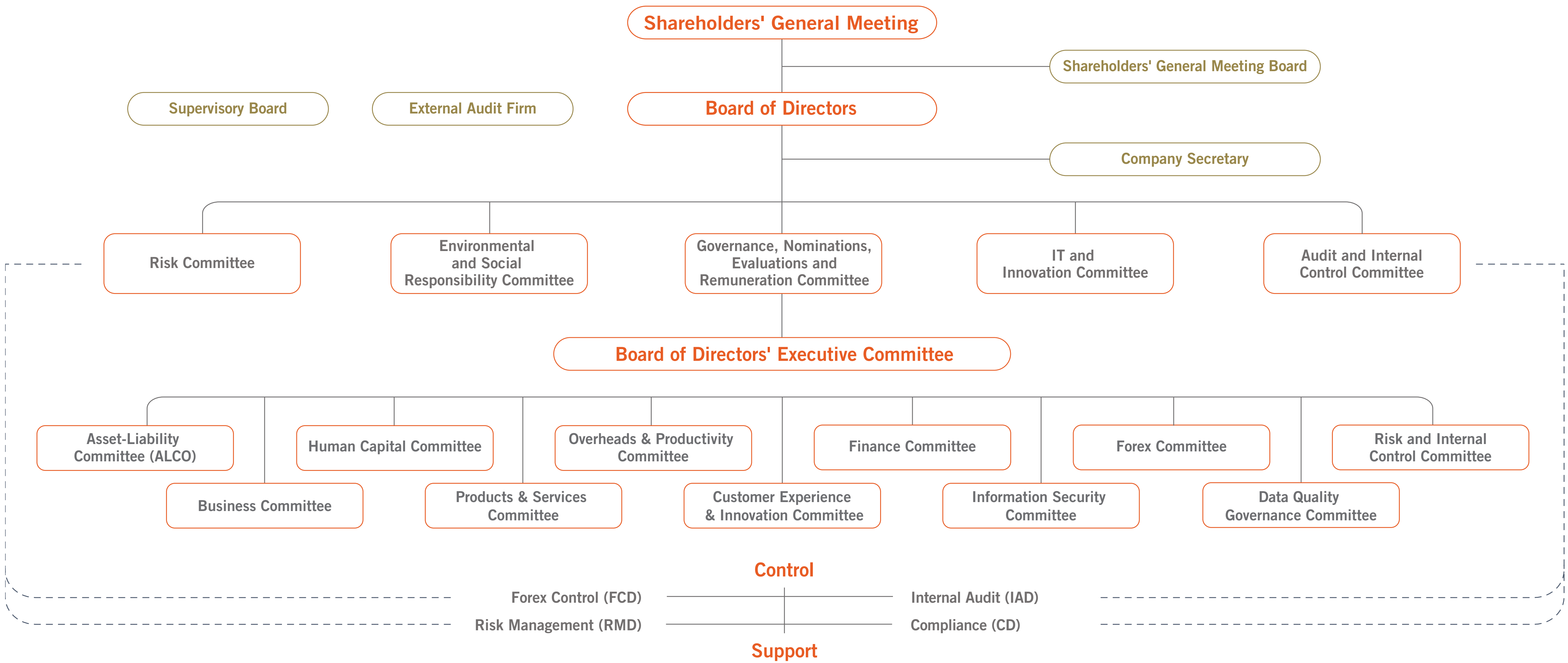
The BFA Pensions - Pension Fund Management Company, PLC (hereinafter referred to as "BFA Pensions"), after its incorporation on the 23rd of November 2022, commenced operations in June 2023, following the issuance of the Licence Certificate for pursuing the economic activity and the subsequent formal approval by the sector regulatory body, concerning the members appointed by the shareholders to comprise its governing bodies.

In terms of the corporate governance model and the internal control system, the company has implemented the three-line defense model in force at the parent company and the corporate governance policy currently in place at the BFA Group. Additionally, the board members portfolios are properly arranged and allocated among the Board of Directors Members.

The company's business strategy is aligned with the company's guiding principles outlined hereunder, and in accordance with BFA's corporate purpose and strategic vision.

Corporate Governance Model

BFA's corporate governance model complies with the requirements of the Financial Institutions Legal Framework (Law no. 14/2021, dated 19th May), and its articles of association are structured in accordance with the following organisational model:



Pursuant to a unanimous resolution adopted at the BFA's Shareholders' General Meeting on the 24th of July 2023, new members of the Bank's Governing Bodies were appointed for a three-year term (2023/2025).

During the first seven months of 2023, BFA's Board of Directors comprised 13 members. As of August 14th, 2023, two new members were added to BFA's Board of Directors, bringing the total to fifteen (15) members.

All the members of BFA's governing bodies have the technical skills, professional experience, and appropriate moral repute and standards to perform their functions. They are bound by strict duties of confidentiality and subject to a set of rules aimed at preventing conflicts of interest or situations of insider trading, in accordance with the best corporate practices as well as respecting the best principles of sound and prudent management.

Shareholders' General Meeting

The Shareholders' General Meeting is the governing body comprising all the Bank's shareholders, whose operation is regulated under the terms laid down in the Bank's Articles of Association.

BFA's Shareholders' General Meeting has the following key powers and duties:

- Amendment of the company's articles of association, including increases or reductions of share capital;
- Merger, de-merger, transformation or dissolution of the company;
- Issuance of any securities that may result in the subscription or conversion into shares;
- Introduction of restrictions or suppression of shareholders' pre-emption rights in capital increases;
- Acquisition and disposal of treasury shares or bonds;
- Distribution of profits for the financial year, under the terms laid down in BFA's Articles of Association;
- Other distributions of assets to shareholders and advances on account of profits.

Composition of the Shareholders' General Meeting Board

Chairperson	Coutinho Nobre Miguel
Secretary	Flávia Nahari Furtado Gomes

Board of Directors

In accordance with BFA's Articles of Association and relevant regulations, the Board of Directors has the following powers and composition:

- It is composed of an odd number of members, with a minimum of 7 and a maximum of 15, in accordance with the resolution adopted at the Shareholder's General Meeting, which is the governing body responsible for their election and that will also appoint its Chairman and, if deemed appropriate, one or more Deputy Chairmen.
- The Board of Directors meets regularly once a month, and whenever convened by its Chairman. It is incumbent upon the Chairman to coordinate its activities, preside over its meetings, and monitor the implementation of its resolutions. The Chairman is also responsible for representing the Institution before the public authorities and other bodies of authority.

In accordance with BFA's Articles of Association and the company's internal regulations, the Board of Directors has the most comprehensive powers of management and representation of the company, namely:

i. Approval of the comprehensive business and strategic plans, budgets and any amendments thereto, under the provisions laid down in the Articles of Association;

ii. Decision-making with a significant impact on the company's assets portfolio;
iii. Any major change related to the Company's geographical operational area, except as provided for in the comprehensive strategic or business plans;
iv. Listing of shares representing the share capital of the Company or its subsidiaries;
v. Approval of the appropriation of profits proposal;
vi. Transactions with related parties exceeding USD 2,500,000;
vii. Issuance of subordinated debt, unless provided for in the budget;
viii. Amendments to the BoD and ECBOD Regulations, as well as to the credit and risk regulations;
ix. Incorporation of any subsidiary or acquisition of a shareholding resulting in the establishment of a subsidiary.

In addition, it is also incumbent upon the Board of Directors to carry out all other relevant corporate deeds that are deemed appropriate or required for the pursuit of the business activities included within the company's corporate purpose and, in general, perform all deeds that do not fall within the powers of other company's governing bodies. Accordingly, among the duties and responsibilities of the Board of Directors (BoD), the following core powers stand out:

i. Acquisition, sale or encumbrance of movable and immovable property/ assets;
ii. Provision of surety bonds and personal or tangible securities on the company's behalf;
iii. Opening and closing of representative offices;
iv. Implementation of changes to the Company's organizational structure;
v. Appointment of legal representatives to perform certain corporate deeds or categories of deeds, with a clear definition of the scope of their duties and tenure.

The Board of Directors has also the responsibility to approve and monitor the comprehensive business strategy and risk strategies, as well as the policies and actions necessary to achieve the established corporate and strategic goals, which are implemented by each of the Bank's departments involved in their execution.

The resolutions of the Board of Directors are recorded in the minutes, drawn up in the company's official book and signed by all members in attendance.

The Board of Directors (BoD) currently has the following composition:

Board of Directors

Chairwoman
Maria do Carmo Bernardo

Deputy Chairman
Osvaldo Salvador Macaia

Independent Non-Executive Members
Laura Maria Monteiro
Maria Amélia Duarte
Armando Manuel*

Non-Executive Members
Divaldo Kienda Palhares
Jacinto Manuel Veloso
Filomeno Alves Ceita

Executive Committee of the Board of Directors

CEO
Luís Roberto Gonçalves

Executive Members
Sebastião Francisco Massango
Natacha Sofia Barradas
Paulo Freitas Alves
José Alves Nascimento
Francisca Ferrão Costa
Paulo Valódia Silva

*Resigned on 21 December 2023.

Executive Committee of the Board of Directors

The Bank's executive management is entrusted to the Executive Committee of the Board of Directors (ECBOD), which, in accordance with the BFA's Articles of Association and internal regulations, possesses the following key duties and powers:

- It comprises three (3), five (5) or seven (7) members appointed by the Board of Directors, which shall appoint the Chairperson (CEO) from among its members. According to the table above, BFA's ECBOD is currently composed of 7 Directors.
- It meets when convened by its Chairperson (CEO), usually once a week and at least once a month;
- Its performance is permanently monitored by the Board of Directors, the Supervisory Board and the External Auditor.

Within the framework of its particular rulebook, approved by the Board of Directors and subject to the action plans and annual budget, as well as other measures and guidelines approved by the Board of Directors, the ECBD holds broad management powers, required or appropriate for carrying out financial banking activities, under the terms and to the extent provided for in the applicable law, namely, the power to deliberate and to represent BFA with respect to the following matters:

i. Lending or financing operations;
ii. Provision of remunerated personal guarantees;
iii. Provision of real guarantees, having as their object securities, required or appropriate for the pursuit of the activities included in the company's corporate purpose;
iv. Performing foreign exchange transactions;
v. Execution of passive operations;
vi. Issuance of cash bonds and financial instruments of a similar nature;
vii. Acquisition, disposal or encumbrance of any securities other than those representing an equity interest in any companies;
viii. Acquisition, sale and encumbrance of movable and immovable assets, up to an individual value of USD 1 million;
ix. Acquisition of services up to an individual value of USD 1 million;
x. Recruitment, setting professional levels and categories of personnel, under the terms foreseen in the company budget and in the resolutions approved by the Board of Directors;
xi. Enforcement of disciplinary measures and imposition of any sanctions;
xii. Opening or closing of retail branches or outlets;
xiii. Appointment of the Bank's legal representative at the Shareholders' General Meetings of its subsidiaries, and stipulating the voting instructions to be cast therein;
xiv. Appointment of the individuals to assume corporate positions in governing bodies to which the Bank may be elected, as well as the individuals that the Bank must nominate to stand for any corporate positions in companies in which it merely holds an interest;
xv. To act in corporate representation of the financial institution ("The Bank"), during legal proceedings and/or outside the legal system, both actively and passively, including the filing and defense of legal or arbitration proceedings, as well as the admission, withdrawal or settlement of any legal claims/disputes and/or the assumption of arbitration commitments;
xvi. Appointment of legal representatives, with or without powers of attorney, to perform certain legal deeds or categories of deeds, which shall specify the scope of the relevant powers of attorney.

Executive Committee of the Board of Directors & Executive Members Portfolios

CEO	Luís Gonçalves	Company Secretary Board of Directors' Office BFA Academy Human Capital Department Marketing Department
Executive Members	Sebastião Massango	Credit Monitoring and Recovery Department Credit Management Department Retail Credit Risk Department Corporate and Business Credit Risk Department Large Companies, Institutional and Projects Credit Risk Department
	Natacha Barradas	Compliance Department Foreign Exchange Control Department Risk Management Department Legal Department
	Paulo Alves	Processing and Control Operations Department Means of Payment Department Cross-Border Transactions Department Organisation and Quality Department Treasury Operations Department Information Systems Department
Executive Members	José Nascimento	Large Companies Management Medium-sized Companies Department Agreements & Partnerships Department Oil & Gas and Institutional Department Private Banking Department
	Francisca Costa	Procurement Department Accounting and Planning Department Investment Banking Department International and Finance Department Social Responsibility Department
	Paulo Silva	Agribusiness Department Facilities and Property Department Investment Centres Department Retail and Business Department (Northern Region) Retail and Business Department (Southern Region)
Chairperson of the Audit Committee (AC)	Maria Bernardo	Audit and Inspection Department (Functional and Hierarchical Reporting)

Supervisory Board

The Supervisory Board's composition and modus operandi are governed by the provisions laid down in BFA's articles of association and its particular rulebook, which stipulates the following:

- It is comprised of a chairperson and two full members, one of whom is a chartered accountant;
- Its members must be natural persons with full legal capacity and have the technical qualifications (namely in law, accounting, auditing and financial management) and professional experience, including operational knowledge of the banking business, to enable them to perform effectively the responsibilities assigned to supervisory board members;
- It convenes at least once every quarter.

The Supervisory Board is responsible for carrying out its statutory and legally assigned duties and obligations, namely those provided for in Article 441 of the Companies Act, in particular:

i. To oversee and monitor the Bank's Management Board;
ii. Ensure compliance with the applicable law and the Company's Articles of Association;
iii. To review/analyse the accuracy of the ledgers, accounting records and supporting documents;
iv. To review/analyse the accuracy of the balance sheet and other financial statements;
v. To review/analyse whether the value-metrical criteria adopted by the company lead to a correct assessment of the company's assets and the profit/loss financial results;
vi. To draw up an annual report on its supervisory activities and give an opinion on the report, accounts and proposals submitted by the executive management board;
vii. To summon the Shareholder's General Meeting in the event that the Chairperson of the General Meeting Board fails to do so.
viii. To comply with all other duties provided by law, BFA's Articles of Association and BNA directives, notices and regulations.

Chairperson	Alcides Horácio Safeca
Members	Adilson de Jesus Sequeira Valdir Lima Rodrigues

External Audit Firm

BFA's external audit is performed by KPMG Angola, under the terms of the service provision regulations laid down in BNA Notice no. 09/21.

The Bank upholds and warrants that its auditors are independent in complying with applicable regulatory and professional requirements and that their objectivity is not compromised.

For this purpose, BFA has incorporated in its governance practices and policies several mechanisms that safeguard the independence of the external auditors.

External Auditor	KPMG Angola

Board of Directors' Support and Advisory Committees

Audit and Internal Control Committee (AICC)

The Audit and Internal Control Committee ("AICC") has the following composition:

Voting Members

Chairperson	Maria Bernardo
Members	Osvaldo Macaia Jacinto Veloso Laura Monteiro Maria Duarte

Regular Invitees (with advisory capacity)

CEO	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Supervisory Board Members	Alcides Safeca • Adilson Sequeira • Vladir Rodrigues
Head of the Internal Audit Department	Irene Vicente
Head of the Compliance Department	José Cerqueira
Head of the Organization and Quality Department	Sílvia Peixinho
Head of the Risk Management Department	Sandra Vieira

In accordance with its particular internal rulebook, the Audit and Internal Control Committee main powers are as follows:

i. To ensure the establishment and implementation of an effective and properly documented information system, including the process of preparing and disclosing the financial statements;
ii. To oversee the establishment and implementation of the BFA's accounting policies and practices;
iii. To review all financial information for publication or internal disclosure, including the executive management's annual accounts and report;
iv. To oversee the independence and effectiveness of the internal audit, approve and review the scope and frequency of its activities, and monitor the implementation of the proposed corrective measures;
v. To oversee the performance of the Compliance function;
vi. To oversee the performance and the independence of the external auditors, establishing a communication channel with the purpose of knowing the conclusions and findings of the audits carried out and the reports issued.

Risk Committee (RC)

BFA's Risk Committee (RC) has the following composition:

Voting Members

Chairperson	Osvaldo Macaia Veloso
Members	Divaldo Palhares • Filomeno Ceita • Laura Monteiro

Regular Invitees (with advisory capacity)

Chief Risk Officer	Natacha Barradas
Executive Director with the Credit Portfolio	António Alfaia
Head of the Compliance Department	José Cerqueira
Head of the Risk Management Department	Sandra Vieira
Head of the Corporate, Institutional and Projects Credit Risk Department	Vladimir Cunha

In accordance with its particular internal rulebook, BFA's Risk Committee main powers and duties are as follows:

i. To assess and enhance the Risk Management and Compliance Functions effectiveness, as well as to streamline the processes and procedures in place for the management of relevant material risks, in particular, to assess whether the internal functions responsible for controlling risks have the required resources for the appropriate execution and performance of their assigned tasks and duties. The Risk Committee must appraise and issue an opinion on the functions' activity plans and assess the annual activity reports;
ii. To advise the Board of Directors on subject matters relating to the Bank's risk strategy;
iii. To monitor BFA's risk management policy with regard to the Bank's activity overall risks;
iv. To analyse and issue an opinion on credit operations for which the Board of Directors is empowered to grant approval;
v. To monitor compliance with total capital and liquidity requirements and the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), taking into account the policies laid down for the implementation of BFA's risk profile;
vi. To analyse a set of feasible and potential stress scenarios (stress tests) to assess how the Bank's risk profile would react to external and internal events, identifying vulnerabilities and corrective measures, where applicable, and monitoring their implementation;
vii. To appraise the businesslike effectiveness and efficiency of the Bank's internal control processes, in particular by analysing the recommendations made to the Risk and Compliance Functions by internal and external auditors and regulators, as well as to monitor the proper implementation of the measures adopted;
viii. To issue an opinion on general institutional assessments concerning Anti-Money Laundering, Counter Terrorism Financing and Proliferation of Weapons of Mass Destruction (AML/CTF/PWMD) internal control and other special compliance risks and to provide relevant suggestions and recommendations.
ix. To appraise the general standards of compliance risk management in all their comprehensive scope and breadth;
x. To issue opinions on risk management as well as compliance rules and policies;
xi. To analyse the development of relevant material risks, monitored through reports (succinct and straightforward, focusing on key topics, with the appropriate risk metrics and submitted in a timely manner), which enable an informed decision-making on the risks under monitoring and management. The reports should be prepared and submitted at a frequency decided by the Risk Committee, allowing for an overall assessment and the appropriate presentation of the topics to the Board of Directors;
xii. Review whether the incentives established in the Bank's Remuneration Policy appropriately consider risk, capital, liquidity, and performance expectations, including revenue timelines; and
xiii. To monitor the risk management function's performance, as provided for in Notice no. 8/2021 dated 18th June.

IT and Innovation Committee

The IT and Innovation Committee has the following composition:

Voting Members

Chairperson	Jacinto Veloso
Member	Maria Duarte • Filomeno Ceita

Regular Invitees (with advisory capacity)

CEO	Luís Gonçalves
Executive Director with the IT Systems Department Portfolio	Paulo Alves
Head of the IT Systems Department	Sérgio Lopes
Head of the Marketing Department	Filipe Silvério
Advisor	Amílcar Safeca

The Bank decided to create the IT & Innovation Committee in 2018, with a view to enable the Board of Directors to monitor the Strategic Plan for the five-year period 2018 - 2022, which set out "Leading the Digital Space" as one of the key strategic goals.

In accordance with its particular internal rulebook, BFA's IT & Innovation Committee main powers and duties are as follows:

i. To advise the Board of Directors (BoD) on the Bank's IT systems development strategy as well as its implementation;
ii. To monitor the projects implementation related to the Bank's IT systems;
iii. To support the Board of Directors in identifying, assessing and implementing new processes, products or working methods.

Governance, Nomination, Evaluation and Remuneration Committee (GNERC)

The Governance, Nomination, Evaluation and Remuneration Committee has the following composition:

Voting Members

Chairperson	Maria Bernardo
Members	Osvaldo Macaia • Laura Monteiro

Regular Invitees (with advisory capacity)

CEO	Luís Gonçalves
Advisor	Daniel António

Without prejudice to the powers assigned to other corporate bodies, the Governance, Nomination, Evaluation and Remuneration Committee is entrusted with the following powers and functions:

i. To support and advise BFA's governing bodies on matters related to the Bank's governance, namely:
   - On the Board of Directors adoption of corporate governance policies in accordance with BFA's articles of association, applicable legal provisions, national and international corporate guidelines, standards and corporate best practices;
   - In the implementation of the Prevention and Management of Conflicts of Interest, Transactions with Related Parties and Code of Conduct Policies.

ii. To support the governing bodies in matters related to filling vacancies on the different bodies, as well as with governing bodies' assessment and remuneration and staff members linked to critical functions, namely:
   - In the selection of candidates for Directors and the preparation of proposals to present at the General Meeting, with a view to their appointment;
   - In the selection of in-service Directors and the preparation of proposals to present to the Board of Directors, with a view to their integration in the Executive Committee;
   - On preparing succession plans;
   - Appointment, dismissal and mobility of directors of key areas with special relevance;
   - To draw up the remuneration proposal for the governing bodies to be decided upon at the company's General Meeting;
   - Establishment of the key performance indicators that underlie the allocation of the bonus/variable remuneration;
   - Ruling on the application of the "malus" and "claw-back" clauses and on events assessment which may justify their application;
   - Establishment of guidelines on the assessment and remuneration of staff members linked to critical and management functions of the internal control system and other key areas of special importance;
   - Assessment of the remuneration policy alignment with BFA's risk policy and with national and international regulatory requirements developments in force.
   - Approval of the variable remuneration proposal for the directors.

iii. To monitor the preparation of the annual report on the Governance and Internal Control System and to provide an opinion on such report, prior to its approval by the Board of Directors, particularly with regard to the following matters:
- BFA's compliance with the legal, regulatory and supervisory provisions applicable to matters within the jurisdiction of the Governance, Nomination, Evaluation and Remuneration Committee;
- Assessment of BFA's governance structure's efficiency and effectiveness;
- Drafting of proposals for the improvement of BFA's governance structure.

iv. Without prejudice to the aforementioned, whenever the GNERC deems it appropriate or is requested to do so, to propose to the Board of Directors (BoD) measures aimed at:
- To improve, fine-tune and enhance BFA's organisational and governance model in force, with regard to structure, organisation, assignment of powers and the functioning of its governing bodies.
- To enhance the information quality to be provided by BFA to the market and to the relevant oversight authorities.

The Governance, Nomination, Evaluation and Remuneration Committee (GNERC) draws up an annual report on its activity, which it discloses to the Board of Directors and to the Supervisory Board by the end of February of the following year.

Environmental and Social Responsibility Committee (ESRC)

The Environmental and Social Responsibility Committee has the following composition:

Voting Members

Chairperson

Maria Bernardo

Members

Osvaldo Macaia
Filomeno Ceita
Maria Duarte

Advisors

Mariana Assis
José Van-Dúnem

Regular Invitees (with advisory capacity)

CEO	Luís Gonçalves
Chief Risk Officer	Natacha Barradas
Executive Director with the Social Responsibility Portfolio	Francisca Costa
Non-Executive Director	Divaldo Palhares
Executive Director with the Financial Portfolio	Francisca Costa
Head of the Social Responsibility Department	Maria Cabral
Head of the Risk Management Department	Sandra Vieira

The Environmental and Social Responsibility Committee is entrusted with the following powers and functions:

- **i.** To advise the Board of Directors and the Executive Committee with regard to across-the-board corporate sustainability strategy, in terms that are both integrated and consistent with BFA's comprehensive strategy, with a view to promoting environmentally and socially responsible performance standards, the adoption of sustainable internal practices and policies, and the dissemination and raising of awareness for the practice and adoption of responsible behaviour from a social and environmental standpoint;
- **ii.** To express an opinion, on its own initiative or at the request of the Board of Directors, on the social solidarity, education, science, innovation, environmental and cultural patronage policies pursued by the Bank;
- **iii.** To support the development of local clusters to enable the redesign of new products, services and market segments;
- **iv.** To monitor and oversee the implementation of the internal conditions necessary for BFA's sustainable growth, according to a three-dimensional perspective, in economic, environmental and social terms, and of the internal policies and conducts of social and environmental responsibility;
- **v.** To support the Board of Directors and the Executive Committee in setting out their corporate purpose, both in social and environmental terms, and in fostering BFA's performance as a sustainable company, making it recognised as such internally and externally;
- **vi.** To collect, centralise and, whenever necessary, disseminate information regarding the Bank's social and environmental sustainability, namely taking into account national and international standards and potential environmental recommendations, studies, internal reports and guidelines issued by the Bank's governing bodies;
- **vii.** To issue an opinion on the annual appointment of the Jury members for the BFA Solidarity Award;
- **viii.** To promote internal and external initiatives to raise awareness on social and environmental sustainability;
- **ix.** To draw up an annual report on the Bank's social and environmental sustainability practices, including a description of the Environmental and Social Responsibility Committee annual activity;
- **x.** To assess the annual Environmental and Social Sustainability Report to be drawn up by the relevant organisational unit(s);
- **xi.** To issue an opinion on the Bank's Annual Action Plan in the area of environmental and social responsibility;
- **xii.** xii. To issue an opinion on the allocation/strengthening of the plan for the use of the Social Fund, Subsidies, Awards, Voluntary Work or any other forms related to BFA's intervention in the environmental and social areas.

Expertise Committees supporting the Executive Committee

Furthermore, and in accordance with both recognised international standards and best corporate practices, the Executive Committee of the Board of Directors ('ECBOD') is also supported by ten (10) expertise committees:

- ALCO Committee
- Products & Services Committee
- Financial Committee
- Governance & Data Quality Committee
- Business Committee
- Productivity & Costs Committee
- Security & Information Committee
- Risk and Internal Control Committee
- Human Capital Committee
- Innovation & Customer Experience Committee
- Forex Committee

Overview of the Expertise Committees and their Composition

ALCO Committee

- To advise the Executive Committee of the Board of Directors with regard to the Assets and Liabilities management strategy;
- To submit a proposal to the Executive Committee of the Board of Directors on Assets and Liabilities management policies, with regard to liquidity, interest rate, exchange rate and market risk management, and to follow up and monitor these policies;
- To monitor key performance indicators and metrics and their alignment with the corporate goals and strategic targets established in the Strategic Planning with regard to the balance sheet's financial management;
- To monitor the national and international macroeconomic framework, particularly in terms of analysing market interest and exchange rate trends and identifying potential impacts.

Business Committee

- To monitor the business development and commercial performance of the different networks;
- To monitor the competitive landscape and comprehensive business outlook.
- To set out the business policy, namely through the identification of priorities, opportunities and constraints to the business activity;
- To request the drawing up of proposals to be submitted to the ECBOD for the resolution of constraints relevant to business activity;
- To monitor the implementation of the established priorities, namely by analysing deviations and their impacts;
- To develop and drive the implementation of new products to be launched on the market, as well as monitoring their business performance;
- To monitor and boost the business activity by identifying new opportunities to implement processes and/or new methods as well as to ensure their subsequent analysis and assessment by the ECBOD.

Human Capital Committee

- Analyse and provide inputs on personnel management policies and regulations, whenever requested by HCD or by the ECBOD;
- Analyse and issue an opinion for review and assessment by the ECBOD:
  - o With regard to proposals to appoint staff to management or leading positions in the commercial departments (managers or equivalent);
  - o With regard to internal mobility proposals for management positions in the commercial departments.
- Monitor the development and implementation of the onboarding and training plans, with a particular focus on those aimed at the sales teams, and to propose to the ECBOD changes or adjustments, whenever deemed appropriate;
- Review and provide inputs on the Succession Plans for key positions, for subsequent submission to the ECBOD;
- Analyse labor-related incidents referred by the Audit Committee or any other corporate or governing body that may constitute relevant potential irregularities, substantiating the violation of the code of conduct or other labour duties, and propose to the ECBOD the application of measures deemed appropriate to prevent similar events from happening in the future.

Products and Services Committee

- To monitor the business progress and commercial performance of the different networks;
- To monitor the regulatory framework that applies to and shapes the Bank's products and services offer, in its different dimensions/aspects, namely product features, pricing and sales processes;
- To monitor the competitive landscape and the outlook for developments (new trends) in the supply of financial products and services in the internal market;
- To submit a proposal for the ECBD decision, the priorities for the development of new financial products and services, considering the evolving regulatory and competitive environment as well as the potential impact on the Bank's business;
- To monitor the implementation of the priorities established for the development of new products and services, namely by analysing deviations and assessing their corresponding impacts;
- To monitor the implementation of pricing policies, namely at committee's level, requesting the drafting of proposals to be submitted to the ECBD with a view to adjusting them to the regulations in force or to the competitive landscape.

Productivity and Costs Committee

- To monitor the control of the budget execution and the progress levels made towards achieving the goals established;
- To analyse the corresponding deviations in conjunction with the relevant department heads/managers and to propose the adoption of mitigation and corrective measures to the ECBOD.

Innovation and Customer Experience Committee

- To drive and boost the enhancement of the customer experience, streamlining of operational efficiency and support the Bank's growth strategy;
- To establish and monitor key performance indicators for customer service levels related to the main customer journeys;
- To identify, analyse and prioritise a set of initiatives aimed at improving BFA's efficiency and the customer experience, in particular those that fall under the strategic pillars - Service Model Digitalisation, Process Efficiency and Technological Infrastructure Development;
- To analyse and approve the proposals for implementing the initiatives referred to in the previous subsection, taking into account their priority, the resources required and the proposed implementation plan;
- To monitor the implementation and development of these initiatives, in particular by analysing deviations and their impact and identifying any potential mitigation measures to be implemented.

Financial Committee

- To propose efficient methodologies for the control of the Bank's financial activity;
- To monitor the legislation and prudential regulations in force;
- Pricing policy;
- To drawn up the commercial and business strategy for the launch of new products;
- Management of balance sheet risks, namely: exchange rate risk, interest rate risk and liquidity risk.

Security and Information Committee

- Advise the ECBD with regard to the Information Security strategy;
- Advise the ECBD with regard to the Information Security policies;
- Monitor, analyse and report on the "SGS" risk and performance metrics;
- Develop corrective plans, monitor their implementation and assign the appropriate functions and duties;
- Monitor and report on the information security internal and external framework, and promote the periodic review of the related regulations.

Forex Committee

- To ensure compliance with BNA regulations regarding the foreign exchange market;
- To approve the criteria for the allocation and distribution of currency;
- To monitor the performance of the foreign exchange operations carried out by the Bank, both at auction and from other sources;
- To monitor the management policy of all issues related to the sale of foreign currency, namely by requesting the drawing up of proposals to be submitted to the ECBOD with a view to solving constraints relevant to the business activity.

Governance and Data Quality Committee

- To develop and submit the data management operational model and strategy to the ECBOD for approval;
- To assess and submit for approval to the ECBOD, the regulations supporting Data Governance (DG), the implementation of the necessary organisational structures and the initiatives aimed at implementing the appropriate technological and data infrastructure;
- To determine the inclusion criteria applicable to data owners and administrators based on the business areas/data domains relevant to Data Governance (DG);
- To monitor the development of the Data Management ecosystem, troubleshoot shortcomings, constrains and capacity bottlenecks as well as ensure the active involvement of the relevant stakeholders;
- To assess the risks associated with Data Governance and ensure appropriate reporting;
- To identify and recognise, assess and prioritise the resolution of the main data-related problems;
- To approve mitigation/troubleshooting measures and corrective actions within the scope of data quality;
- To approve concept meanings, indicators and metrics including calculation rules;
- To determine, when appropriate, the setting up of Working Groups focused on particular frameworks or functional areas, with the aim of prioritising and/or troubleshooting critical topics related to the data quality, integrity, accuracy, or completeness.

Risk and Internal Control Committee

- To monitor the effectiveness of the Risk Management and Compliance functions, as well as the processes and procedures currently in force for managing materially relevant risks;
- To monitor the implementation of the management strategy for all the Bank's business risks, namely: liquidity, interest rate, exchange rate, market, credit, operational, compliance strategy and reputational.
- To periodically monitor and analyse all outstanding risk recommendations for improving risk management under the aegis of the 2nd line of defence (issued by regulatory bodies or statutory auditors), taking into account the cases, events or circumstances identified and their corresponding risk levels, with a view to ensuring that the necessary corrective measures are implemented in a timely manner.
- To assess and adopt a resolution on the proposal for level 2 metrics of the Risk Appetite Statement, as well as its monitoring and assessing potential action plans to mitigate risks;
- To assess and adopt a resolution on the proposal of key operational risk indicators (KRI), as well as its monitoring and assessing potential action plans to mitigate risks;
- To analyse the development of materially relevant risks, monitored through reports (summary reports, highlighting the key subject matters, with the appropriate risk metrics and submitted in a timely manner), which enable a properly informed stance/decision to be taken on the risks that are being monitored and managed;
- To issue opinions on the Group's strategic plan initiatives with regard to risks and their impacts in relation to the Risk Appetite Statement (RAS) Limits approved, with a view to keeping the business strategy and risk strategy aligned;
- To assess and issue an opinion on risk management rules, limits and practices for the Group's entities, taking into account the risk thresholds laid down by the Board of Directors.
- To monitor the general standards of compliance risk management in all its magnitude/scope;
- To oversee the development, implementation and ongoing maintenance of a comprehensive Compliance programme at the Bank;
- To monitor the implementation of the Compliance function's activity plan, identifying potential areas for improvement and subsequent actions.

Executive Committee of the Board of Directors

Sebastião Massango

José do Nascimento

Natacha Barradas

Luís Gonçalves
CEO

Paulo Alves

Paulo da Silva

Francisca Costa

Executive Committee of the Board of Directors - Organisational Chart

The Bank's Organisational Chart is underpinned by a functional organisational framework, which allows for a clear separation of each Institutional Department's business areas and functions, under the aegis and authority of each individual Executive Director.

Luís Gonçalves

Company Secretary

Board of Directors' Office

BFA Academy

Human Capital Department

Marketing Department

Sebastião Massango

Credit Monitoring and Recovery Department

Credit Management Department

Corporate and Business Credit Risk Department

Large Enterprises, Institutions and Projects Credit Risk Department

Retail Credit Risk Department

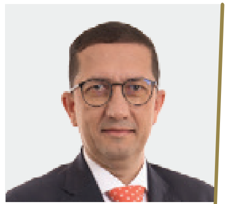
Natacha Barradas

Compliance Department

Foreign Exchange Control Department

Risk Management Department

Legal Department



Paulo Alves

Processing and Control of Operations Department

Means of Payment Department

Cross-Border Operations Department

Organisation and Quality Department

Treasury Operations Department

IT Department

José Nascimento

Large Companies Department

Medium-sized Companies Department

Agreements & Partnerships Management Department

Institutional and Oil & Gas Department

Private Banking Department

Francisca Costa

Procurement Department

Investment Banking Department
Accounting and Planning Department

International and Finance Department

Social Responsibility Department

Paulo Silva

Agribusiness Department

Investment Centres Department

Facilities and Property Department

Business and Retail Department (Northern Region)

Business and Retail Department (Southern Region)

Remark: The Audit and Inspection Department reports directly to the Chairwoman of the Board of Directors.

Executive Committee of the Board of Directors

Luís Gonçalves
CEO

Nationality: Angolan
Date of Birth:
6th June 1972

Mr. Luís Gonçalves holds a bachelor's degree in advanced management accounting from the Lusíada University of Angola and completed Postgraduate Studies in Monetary and Financial Economics at the Évora University, Portugal. His academic background includes training in Anti-Money Laundering and Counter Terrorist Financing and Sanctions from PricewaterhouseCoopers (PWC), as well as an Effective Leadership Programme provided by the Nova School of Business & Economics and an Interbank Markets programme taught by Intermoney, Financial Services Volunteer Corps (FSVC).

Mr. Luís Roberto Gonçalves began his banking career in 1996 at BFA and held numerous high-profile and executive management positions for several years within the Bank.

In 2016, Mr. Luis Gonçalves was entrusted the core remit of establishing the BFA Asset Management Company and served as Chairman of its Executive Committee.

Until the beginning of 2020, Mr. Gonçalves was Executive Director of Banco Crédito do Sul. He also held senior management positions at KEVE Bank. Since July 2020, he has been co-opted as Chairman of the Executive Committee of BFA's Board of Directors (CEO).

Executive Committee of the Board of Directors

Sebastião Massango
Executive Director

Nationality: Angolan
Date of Birth:
10th September 1976

Mr. Sebastião Machado Francisco Massango holds a bachelor's degree in business management from the Agostinho Neto University School of Economics. In addition, Mr. Sebastião Massango also holds in its academic curriculum a Postgraduate Degree in Business Management from the Portuguese Catholic University.

Mr. Sebastião Machado Francisco Massango has a 22 years' professional track record at BFA, having held several high-profile positions in Corporate Banking, Risk Management and Agribusiness Management Departments. During his preceding three-year term of office (2020-2022), he served as Executive Director with the Retail and Business Network (Northern and Southern Regions) portfolio, the Agribusiness Department, the Investment Centres Department and the Private Banking Department.

He currently serves as BFA's Executive Director with the Risk Management Portfolio.

Executive Committee of the Board of Directors

Natacha Barradas
Executive Director

Nationality: Angolan
Date of Birth:
25th September 1978

Bachelor of Laws (LL.B.) from the Catholic University of Angola, Luanda. Completed two postgraduate studies: Corporate Law and International Trade Law from the Lisbon University and Agostinho Neto University. Holds a Master's Degree in Business and Law from the Portuguese Catholic University.

Ms. Barradas held the positions of Head of the Legal Department, Company Secretary and Chair of the Shareholders' General Meeting Board at Standard Bank Angola. In addition, she was a voting member of the Angola's Sovereign Wealth Fund's supervisory board for two years. Since 2017, Ms. has been a partner at LEAD Attorneys in Law and has worked at a variety of Law firms, including MLGTS - Morais Leitão, Galvão Teles, Soares da Silva and FBL - Faria De Bastos e Lopes Attorneys in Law. In 2013, she joined the Angolan Ministry of Finance as Head of the Legal Office and later as Director of the Minister of Finance's Office. She also held the position of Legal Counsel at Banco BPI in 2008 and at New Insurance Company of Angola (Nossa Insurance Company) in 2005. In 2005, she took up the role as a lecturer at Angola's Catholic University Law School. Since June 2020, she has been co-opted as BFA's Executive Director.

Executive Committee of the Board of Directors

Paulo Alves
Executive Director

Nationality: Angolan
Date of Birth:
24th November 1978

Bachelor's degree in Linguistics/English from the Higher Institute of Educational Sciences in Lubango, and a Master's degree in Business Management from the Open University in Lisbon.

Paulo Freitas Alves possesses an extensive background in the business area and in leading multi-disciplinary teams. Within another financial institution, he held the positions of Counter Clerk, Credit Technician, Counter Manager, Deputy Branch Manager and Branch Manager. In 2005 he was invited to join the BFA team as a Branch Manager, and until 2017 he held numerous high-profile positions in the Retail and Business Department - Manager, Business Area Manager, Deputy Manager and Head of the Commercial Department. Afterwards, he was challenged to join the Transformation Team as Head of one of the work groups and, in 2019, he joined the Corporate Department team. Since June 2020 he has been co-opted as BFA's Executive Director.

Executive Committee of the Board of Directors

José do Nascimento
Executive Director

Nationality: Angolan
Date of Birth:
22nd May 1970

Bachelor's degree in business management and control from the University of Salford, Manchester, United Kingdom and master's degree in Investment Management from London City University, London, United Kingdom.

Mr. José Alves do Nascimento served as Executive Director and CFO of Banco Económico SA from January 2019 to November 2022. Mr. Nascimento also held several high-profile positions at the Bank for Savings and Housing Promotion ("BPPH"), where he served as Shareholder Representative and Voting Member of the Executive Committee of the Bank for Promotion and Development ("BPD"). At the beginning of his career, Mr. Nascimento worked as a Financial Consultant at QSL - Logistics Centres and Oil Installations during a five-year period.

Executive Committee of the Board of Directors

Francisca Costa
Executive Director

Nationality: Portuguese
Date of Birth:
14th December 1986

Bachelor's Degree in Corporate Finance from ISCTE - University Institute of Lisbon; completed technical certifications in ICAAP/ILAAP from the Banking Training Institute in Lisbon; Expert training in IFRS/IAS and Tax Codes and Regulations taught by the Auditing Firms KPMG, Deloitte, PwC and EY (Lisbon and Luanda).

Ms. Francisca Ferrão Costa has over 19 years' professional experience in the financial/accounting fields. On her career path, Ms. Francisca Costa held several high-profile positions, including Head of BFA's Accounting and Planning Department from 2017 to 2023. From 2007 to 2017, Ms. Costa worked at KPMG & Associates SROC, S.A. and KPMG Angola S.A., Lisbon and Luanda, where she took on the role of Audit Manager. In 2005, she held the position of Contact Supervisor at Espírito Santo Contact Centre Lisbon.

Executive Committee of the Board of Directors

Paulo Silva
Executive Director

Nationality: Angolan
Date of Birth:
19th April 1975

Bachelor's Degree in Financial Management from the AIEC College - Brasília University, Brazil. Completed Postgraduate Studies in Business Management from ISCTE, Portugal. Holds a Master's Degree in Marketing by the London School of Design and Marketing, United Kingdom.

Paulo Valódia de Carvalho Moreira da Silva has over 20 years' experience in banking, starting in 2003 at BFA, in the Commercial area, where he held the positions of Commercial Assistant, Credit Technician, Account Manager, Deputy Manager and Manager. From 2011 to 2018, Mr. Paulo Carvalho Silva held the position of BFA's Commercial Director, and also worked in the Transformation Department (Strategic Plan), acting as the 2nd Head of the Department. In 2019, Mr. Paulo Silva took over as head of the Retail and Business Division, and in the following year he became head of the Large Companies Division.

Corporate Governance and Internal Control System

On 31st January 2024, the Board of Directors of Banco de Fomento Angola, S.A. (BFA) submitted the Annual Report on Corporate Governance and Internal Control System reported as of 31st December 2023, in compliance with article 46(1) of Notice no. 1/22 dated 28th January.

With regard to its Internal Control System, in terms of Risk Management and with the aim of promoting a systematisation of the basic principles that should guide the implementation of a risk management system in the Angolan financial institutions, the BNA published last year a wide-ranging set of Notices and Instructions that establish a broad array of requirements in terms of risk governance, with respect to which the BFA is committed to full compliance and to continuing to make the risk management function operational.

At the current moment, BFA considers its processes, systems and human resources to be suitable, reasonable and capable, and that its development is part of the risk management strategy, in accordance with the requirements established by Law no. 14/21, dated 19th May, which aims to ensure the development of a risk management system consistent with the regulatory requirements and best international practices, to promote the correction and continuous improvement of risk management, as well as the monitoring and disclosure of information and advice to the executive management and supervisory bodies on the Bank's overall risks.

In order to enhance controls in compliance matters and to strengthen alignment with the best international control practices, BFA intensified the process of strengthening its internal control environment with regard to the creation and improvement of processes and procedures in compliance and risk management matters, in Anti-Money Laundering (AML)/ Counter Terrorism Financing (CTF), including the updating of the AML risk management framework for operational and functional improvement integrated with the Bank's processes, as well as across-the-board training for its team members on these subject matters.

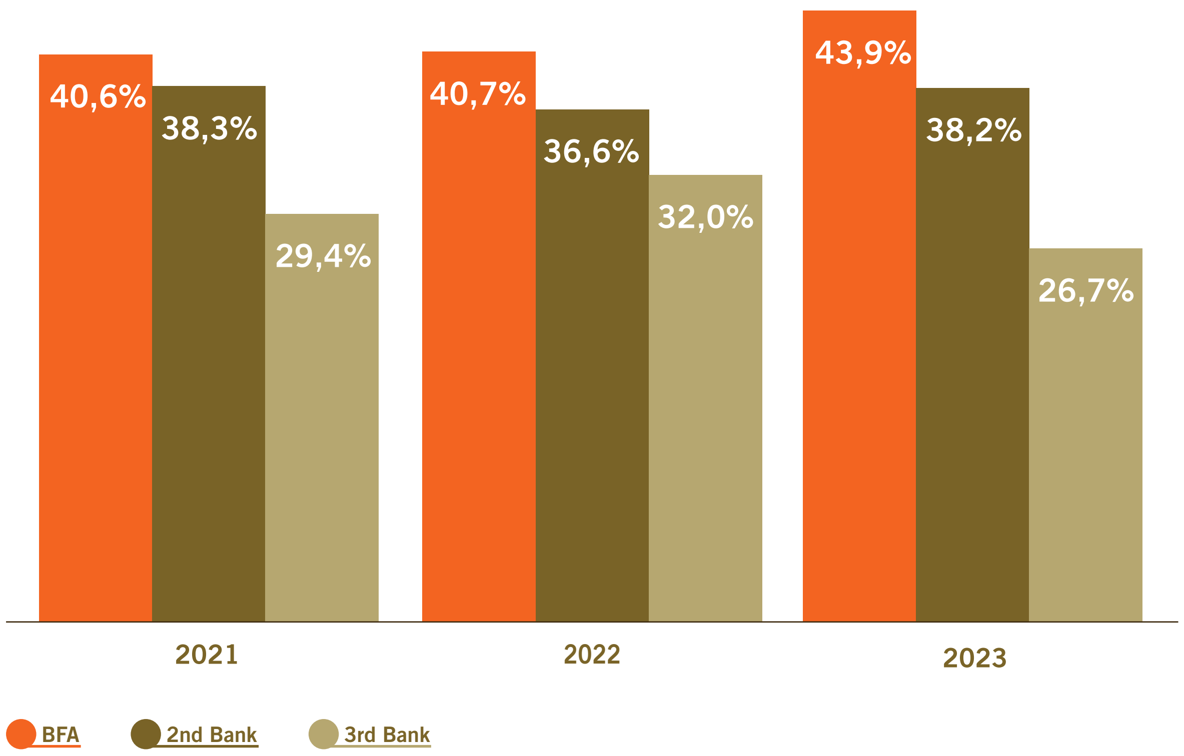
According to BFA's corporate governance guiding principles, the assignment of powers and risk management, as well as the whistleblowing policy, which aims to ensure protection against illegal activities by means of structural principles of conduct and the adoption of the best national and international corporate practices, also seeks to strengthen the Internal Control System in order to guarantee and safeguard the interests of the shareholders and other stakeholders.

Key Business Areas

Market Leadership in Fostering Financial Inclusion and Strengthening Economic Financing

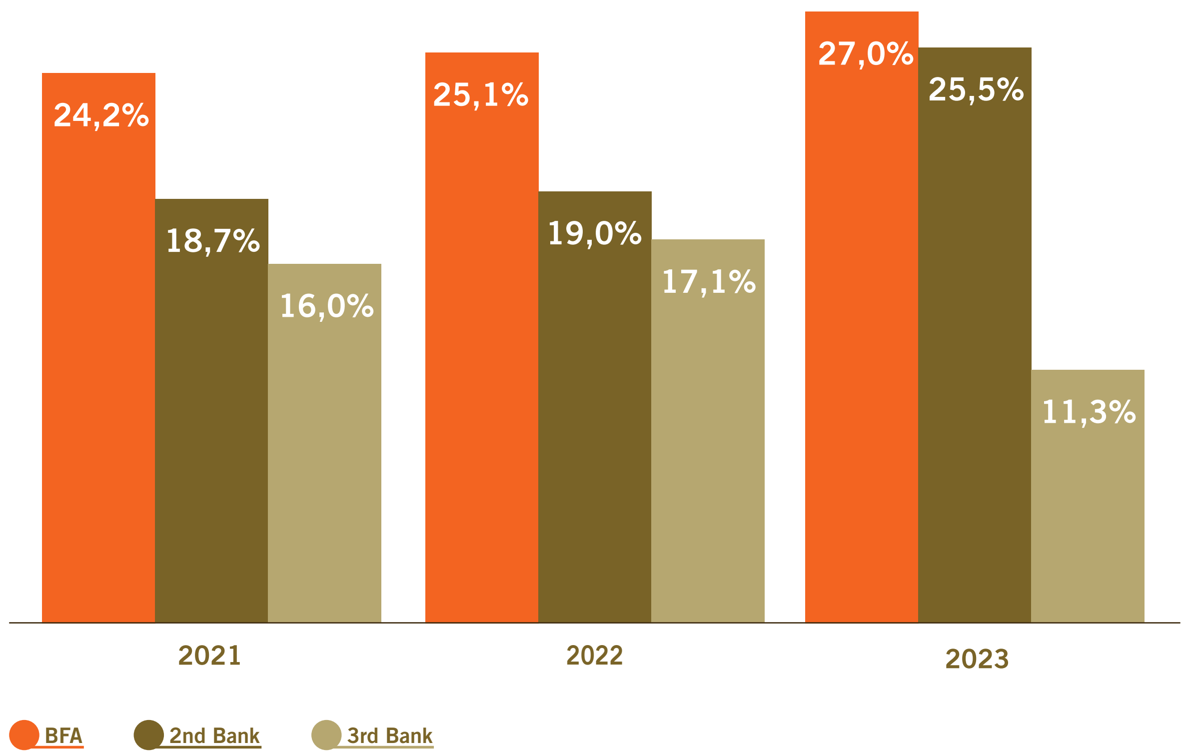
In FY2023, BFA recorded a growth of +3.2% in its market penetration rate, maintaining its leadership position over other competitors' banks, retaining 43.9% of the market share. This relevant fact proves once again, BFA's efforts and drive to attract and build long-term relationships with the financial market and its customer base, as well as its relentless endeavours to support the banking sector's dynamism and growth within the Angolan financial landscape.

Development of the Market Penetration Rate



During 2023, BFA maintained its market leadership as Angola's Leading Financial Institution, retaining a 27% market share, up +1.9% YoY. As a result, BFA is once again the #1 Bank of choice of all Angolans when it comes to the provision of financial services.

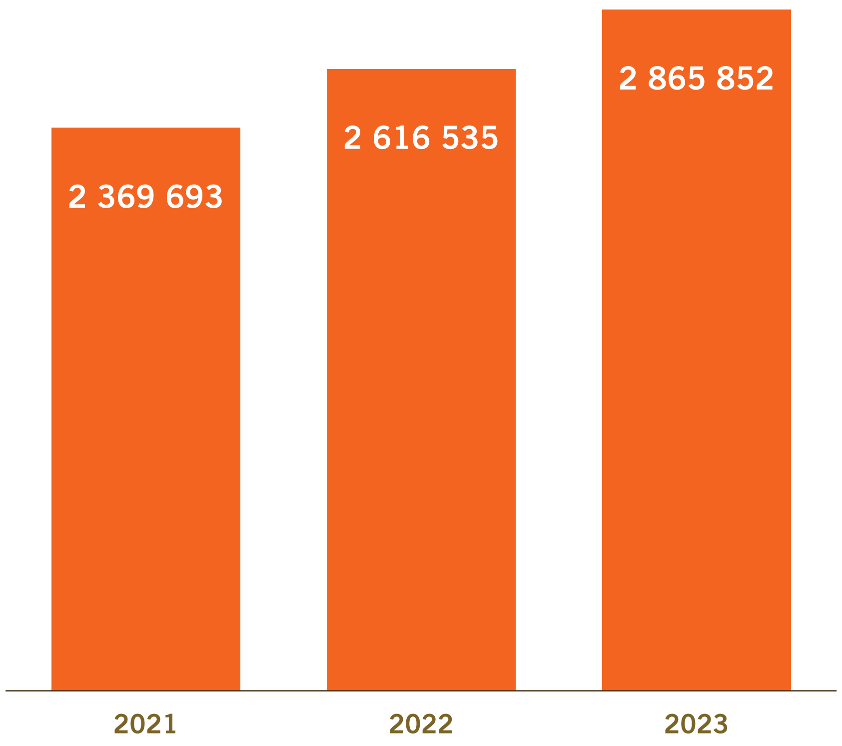
Development of the Market Share as Angola's Leading Financial Institution



Market Leadership Position Strengthening and Sustainability

BFA's customer service enhancement, particularly through the streamlining of the customer service quality standards, has been one of BFA's across-the-board operating principles, with a positive impact on its customer base year-on-year sustained growth. During 2023, BFA's customer base increased by +9.5% YoY, totalling 2,865,852 customers.

Customer Base Growth



Sustained Investment in BFA's Distribution Network

BFA's Distribution Network with Nationwide Footprint in Angola

With a view to guarantee a service of the highest quality, BFA's distribution network operates on the basis of a market segmentation strategy in three areas of activity:

- Branches;
- Retail Customers;
- Business Owners & Companies.

BFA's Distribution Network currently has 160 Branches, 22 Corporate Centres, 11 Investment Centres and 1 Private Banking Centre.

BFA Commercial Network

Retail and Business

Enhancement in customer service operational efficiency

One of the core principles guiding BFA's operations regarding customer service quality, which has led the Bank to continue adjusting its internal processes, business practices and systems, in view of its implementation of a customer-centric approach.

Customer Service Quality

Mystery Shopper Study

The Mystery Shopper approach is based on an active participatory observation, which allows the quality of services to be assessed from the shopper's perspective in a discreet, scientific and professional manner. Each retail branch is visited twice by two consultants from a market research company certified by the Mystery Shopping Providers Association (MSPA). The Bank's efforts in this regard are aimed at reinforcing the quality of its customer service, as well as the customer-orientation of its sales teams.

Market Leaders in Customer Acquisition

In 2023, the Retail & Business segment totalled 2,851,345 customers, up by 12.3% YoY.

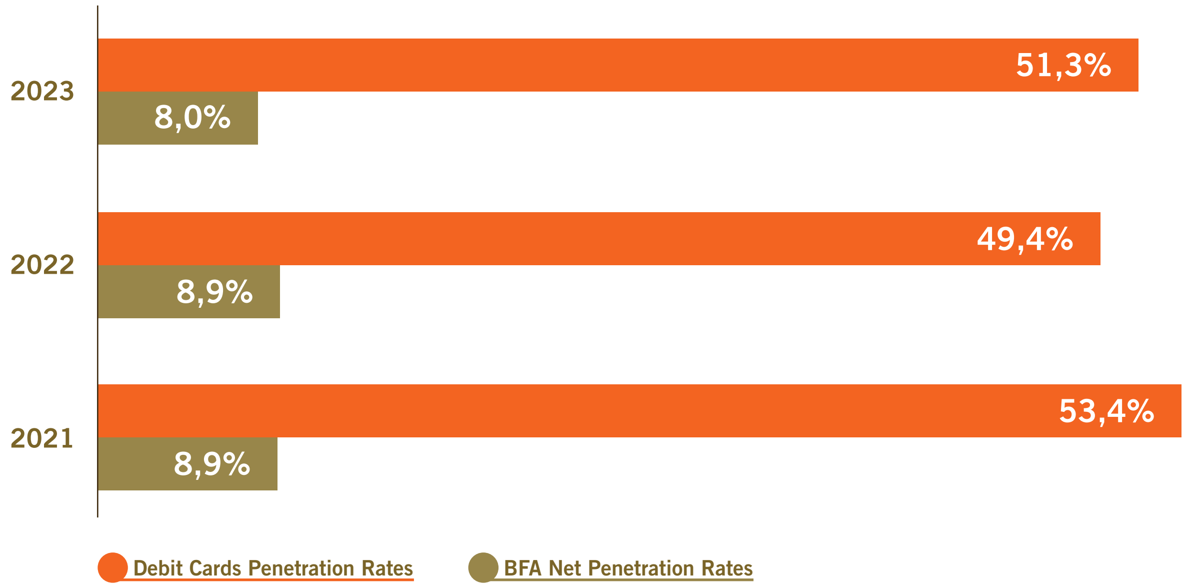
BFA Net grew by +0.2% and Credit Cards rose by +1.5% YoY. The number of Debit Cards reached 1,461,497 in 2023, up by +16.5% YoY, whereas Payroll Accounts decreased by -18.9% and totalled 276,845.

Development of the Customer Base and Services - Retail and Business

	2021	2022	2023	Δ% 21-22	Δ% 22-23
Customers	2 357 703	2 538 326	2 851 345	7,7%	12,3%
BFA Net	208 686	226 729	227 271	8,6%	0,2%
Debit cards	1 258 638	1 254 813	1 461 497	-0,3%	16,5%
Credit Cards	8 017	9 329	9 467	16,4%	1,5%
Payroll Account	236 262	341 444	276 845	44,5%	-18,9%

In 2023, the Debit Card penetration rate increased by +1.8% YoY, and BFA Net decreased by 1.0% YoY, with a rate of 8.0%.

Development of the BFA NET and Debit Cards Penetration Rates



Development of the Deposits from Customers and Loans Portfolio

In 2023, BFA's deposits from customers and other loans portfolio rose by +43.2% YoY and totalled AOA 512.8347 billion, broken down as follows: Demand Deposits totalling AOA 401.7249 billion (+43.5% YoY) and Term Deposits totalling AOA 111.110 billion (+42.2% YoY).

Deposits from Customers and other Loans – Retail and Business

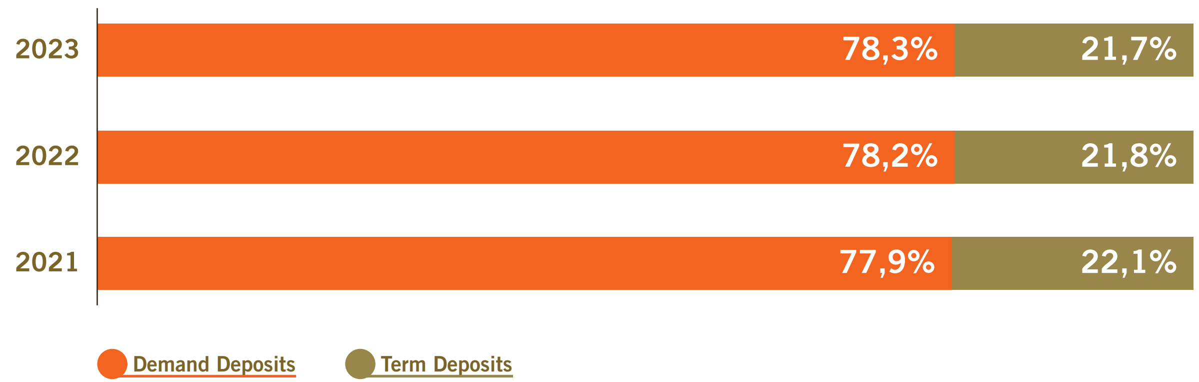
Amounts expressed in thousand of Kwanzas

	2021	2022	2023	Δ% 21-22	Δ% 22-23
Deposits from Customers and Other Loans	359 600,8	358 159,1	512 834,7	-0,4%	43,2%
Deposits	359 600,8	358 159,1	512 834,7	-0,4%	43,2%
Demand Deposits	280 144,3	280 002,6	401 724,9	-0,1%	43,5%
Term Deposits	79 456,5	78 156,5	111 109,8	-1,6%	42,2%
Other Loans	0	0	0	-	-

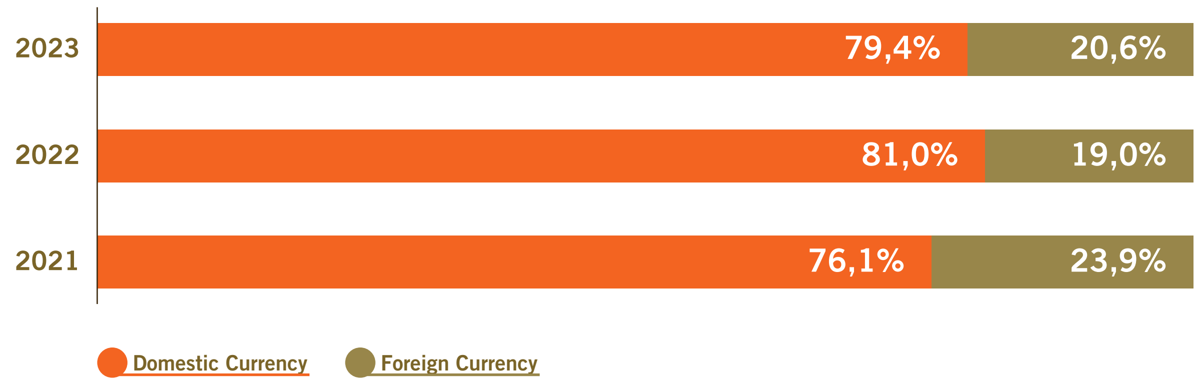
Despite the increase in the amount of customer deposits, their breakdown did not change in a substantial manner YoY, with Demand Deposits accounting for 78.3% of the total deposits from customers and other loans portfolio, when compared to the 78.2% recorded in FY2022, and Term Deposits accounting for 21.7%, as opposed to 21.8% recorded in FY2022.

As for the breakdown of the deposit portfolio by currency, BFA experienced a slight decrease in domestic currency deposits to 79% of the total deposits from customers and other loans portfolio, when compared to 81% recorded in FY2022.

Breakdown of Deposits by Category - Retail & Business



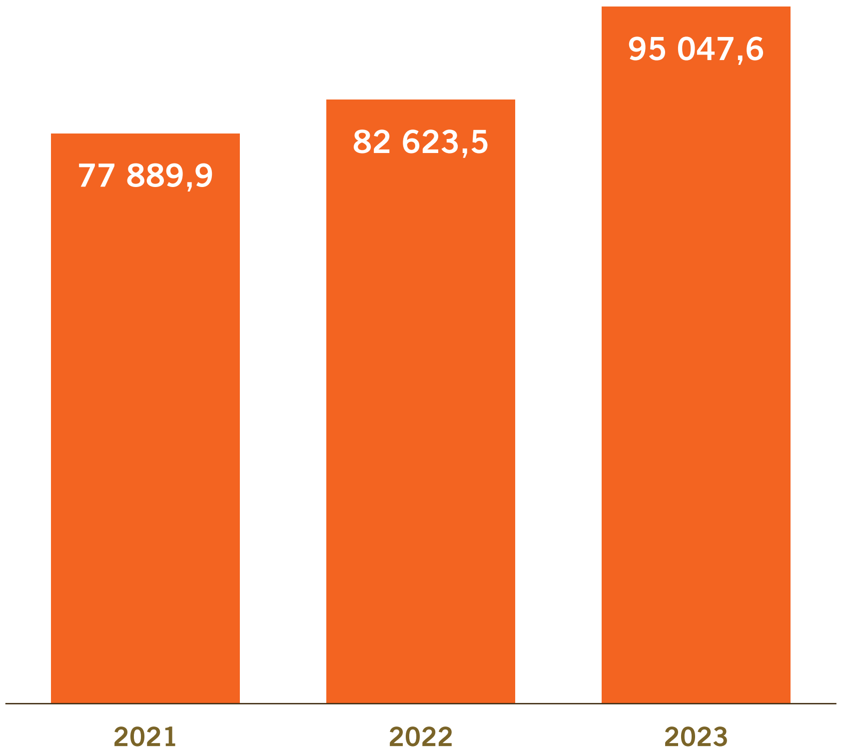
Breakdown of Deposits by Currency - Retail & Business



Loans to Customers – Retail & Business

BFA's Loans to Customers Portfolio, following a breakdown by Customer segmentation, rose to AOA 95,047.6 million, up by 15.0% YoY.

Loans to Customers (AOA million)



Note: accrued interest has been excluded

2024 Outlook

As far as the financial year 2024 is concerned, BFA has identified and outlined the following priorities:

- Expand the implementation of Automatic Deposit Machines (ADMs) in more branches, following the test pilot currently underway, with a view to helping relieve the pressure that customers put on branches with low-value cash deposits. This implementation will enable shortening the high waiting times that customers are currently subjected to, as well as freeing up staff to provide higher quality services that actually require more monitoring;
- To deploy personalized debit card machines throughout the entire retail network, thus enabling the Bank to cease issuing non-personalized cards, thus complying with the Regulator's recommendation;
- To expand the Bank Representatives network with a view to reach a total of 200 active banking service outlets;
- In view of the importance of the commercial business area and its direct contact with customers, it is of particular interest and relevance to continue to invest in specialised training for BFA's Team Members;
- To allocate all of the department's active customers to the Commercial Assistants' portfolios in order to maximise commercial monitoring and enhance customer service quality;
- To capitalize on technological transformation to enhance the monitoring of team members' professional career development and establish career management plans;
- To continue investing in improving customer service quality, with a special focus on the cultural transformation of the Bank's personnel and work teams, as well as on understanding the particular inputs of each individual team member in the customer's end experience.

Investment Centres

Market leaders in creating investment and savings solutions

The Investment Centres' main remit is to provide a tailor-made customer service and a distinctive product offering to the Private Customers in the Affluent segment. Most of these customers have high incomes and a higher demand for digital technology, which makes them a driving force behind the Bank's modernisation strategy, both technologically and procedurally. The Investment Centres were founded 16 years ago and are active in 4 of the country's provinces (Luanda, Cabinda, Huíla and Benguela), striving to provide best-in-class and high-quality customer service.

Within the scope of the digital transformation, the biggest impact for the Investment Centres was in terms of the credit process. The process of analysing, decision-making and granting credit is now automated via a new platform, and as a result the process has become much more effective, faster and streamlined, allowing for more credit approvals in a shorter period of time.

With regard to innovation in terms of financial products and services offering, the Investment Centre's network is currently awaiting the new segment-oriented offer being developed by the Bank. In addition, a non-financial offer (premium financial products), highly valued by our customers, is already available in all the Investment Centres units. The Bank aims to leverage this offering with the automation and the subsequent refinement and enhancement of its credit processes.

Infrastructure-wise, the Investment Centres have 11 units, located in 4 different provinces of the country (Luanda, Cabinda, Huíla and Benguela).

Furthermore, it has been an added value element to hold meetings and numerous appointments online, with customers and others alike, making it possible to streamline time in key processes.

Development of the Customer Base and Services - Investment Centres

Throughout 2023, the Investment Centres customer base stood at 6,429, representing a mild decrease of -2.1%. The number of Customers with access to home banking followed this negative trend and fell by -10.1%, totalling 4,613 members.

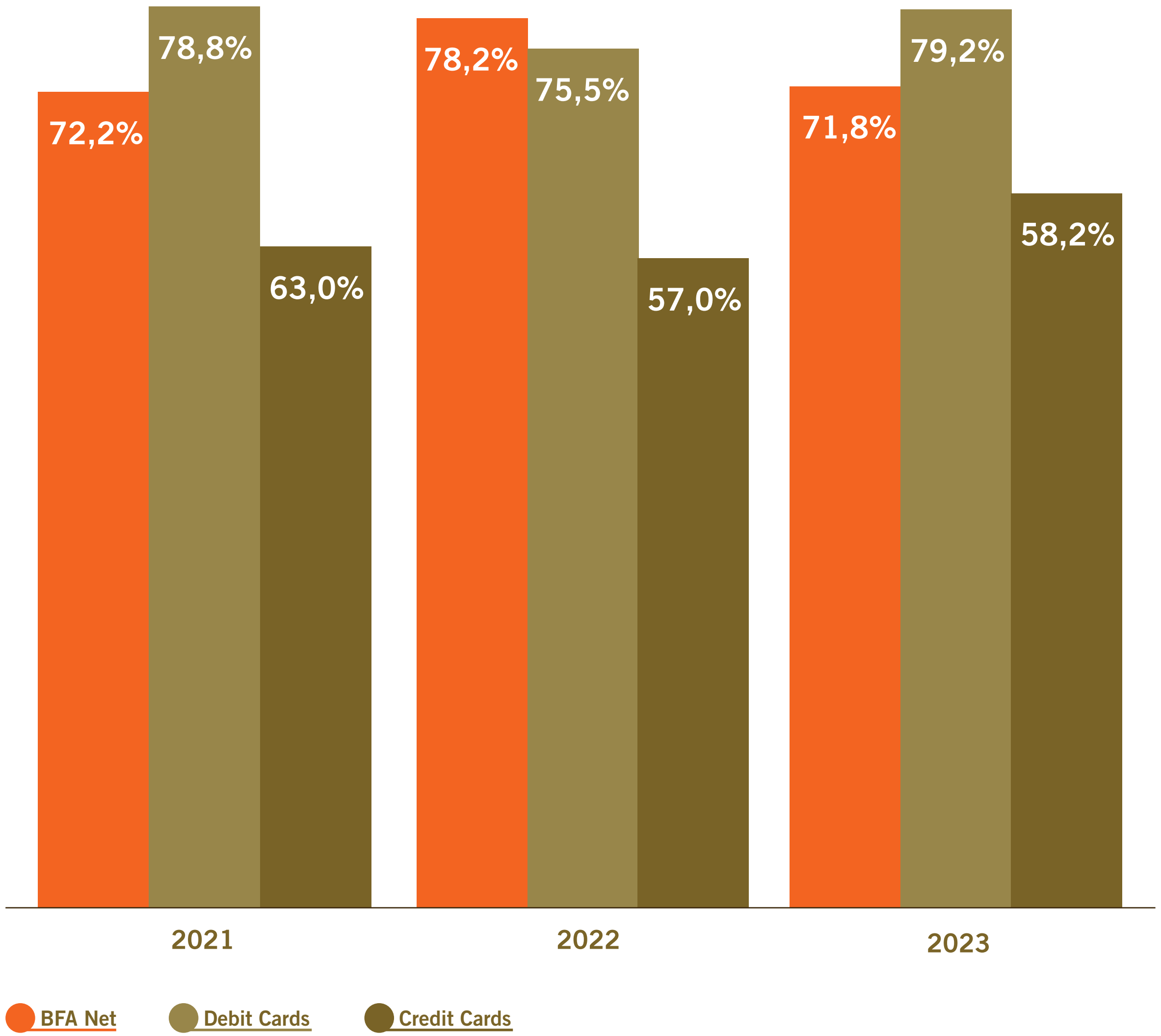
The number of debit and credit cards increased when compared to 2022, recording growth rates of +2.7% and +0.03%, respectively. At the end of 2023, BFA recorded a total of 5,090 debit cards and 3,743 credit cards.

Development of the Customer Base and Services - Investment Centres

MAOA	2021	2022	2023	Δ% 21-22	Δ% 22-23
Customers	5 537	6 564	6 429	18,5%	-2,1%
BFA Net	3 995	5 133	4 613	28,5%	-10,1%
Debit Cards	4 362	4 957	5 090	13,6%	2,7%
Credit Cards	3 486	3 742	3 743	7,3%	0,03%

The Bank has been focusing its endeavours in providing its customer base with a broader array of financial solutions, as well as in delivering a best-in-class customer service, in order to foster customer loyalty and satisfaction. Hence, as far as Investment Centre Customers are concerned, in 2023 BFA's Debit Card penetration rate increased by 4% and stood at 79.2%, while Credit Cards reached a 58.2% penetration rate. However, the BFA Net service fell by 6.4%, recording a 71.8% penetration rate YoY.

BFA Net, Debit Cards and Credit Cards Penetration Rate -Investment Centres



The Investment Centres' Deposits from Customers and other Loans portfolio rose by +39.0% YoY, totalling AOA 219.031,5 million.

Term Deposits were the main component with the highest input to the increase recorded in this heading, reaching AOA 156,818.7 million in 2023, up by +51.0% YoY, despite the +15.7% growth recorded in Demand Deposits.

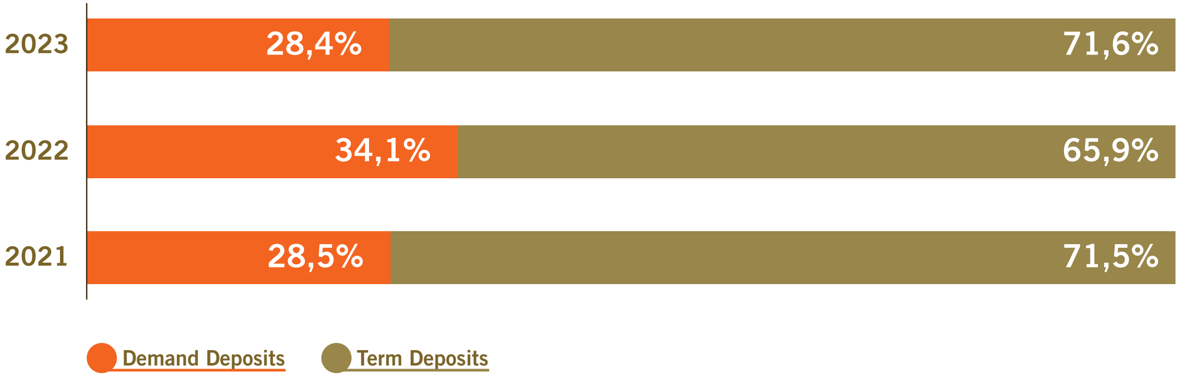
Deposits from Customers and other Loans – Investment Centres

Amounts expressed in thousand of Kwanzas

	2021	2022	2023	Δ% 21-22	Δ% 22-23
Deposits from Customers and other Loans	142 333,7	157 617,4	219 031,5	10,7%	39,0%
Deposits	142 333,7	157 617,4	219 031,5	10,7%	39,0%
Demand Deposits	40 588,1	53 752,3	62 212,9	32,4%	15,7%
Term Deposits	101 745,6	103 865,0	156 818,7	2,1%	51,0%
Other Loans	0	0	0	-	-

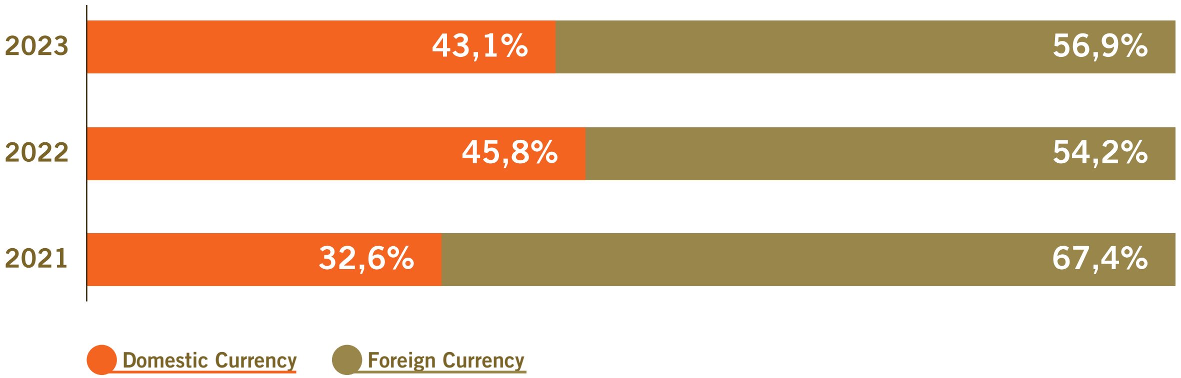
In 2023, the gap recorded between Demand Deposits and Term Deposits in the Investment Centre's customer base remains quite sizeable. Indeed, the deposits portfolio is primarily composed of Term Deposits (71.6%), which recorded a 5.7% share increase YoY, as well as a 28.4% drop in the share of Demand Deposits, i.e. a negative change of -5.7% YoY.

Breakdown of Deposits by Category - Investment Centres



In 2023, Domestic Currency Deposits accounted for approximately 43.1% of the total Deposits from Customers and other Loans heading, which resulted in a -2.7% decrease in their share YoY, in contrast to the share growth recorded in Foreign Currency Deposits.

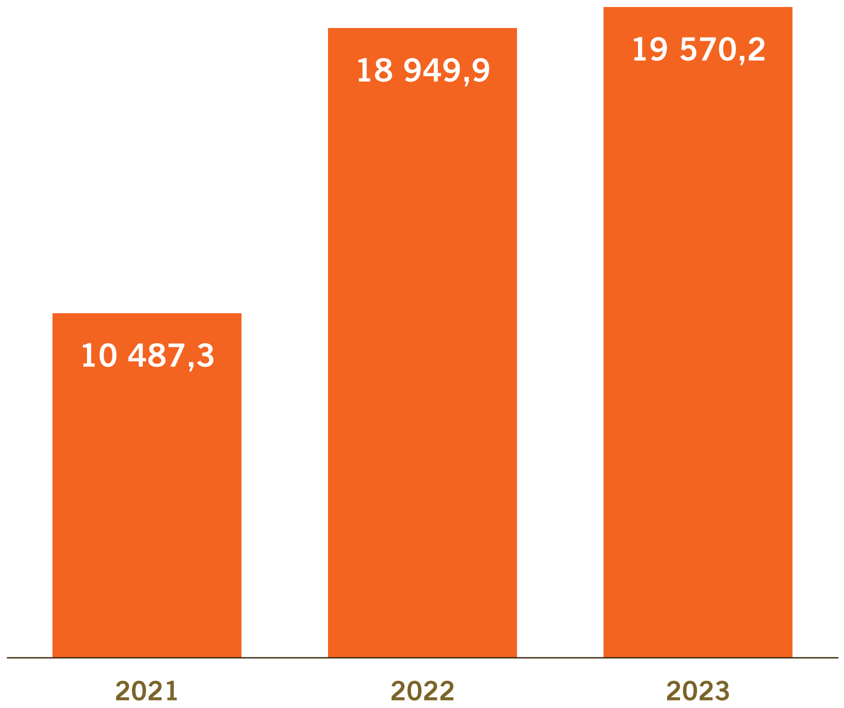
Breakdown of Deposits by Currency - Investment Centres



Loans to Customers - Investment Centres

Over the course of 2023, the heading 'Loans to Customers' increased by +3.3% YoY, totalling AOA 19,570.2 million.

Total Credit Portfolio (AOA million)



Private Banking

The financial year 2023 ('FY 2023'), was mainly characterised and shaped by the ongoing implementation and sharing of BFA's value proposition with its private segment customers, based on innovation and the development of tailor-made solutions to meet private customer needs, based on the provision of the following expert solutions and services:

- Financial Advisory Services;
- Investment Funds;
- Investment Credit Facilities.

The Bank's investment decisions are aimed at maintaining sustainable profitability, building an increasingly robust ecosystem and fostering an increasingly dynamic and modern organisation. BFA maintains an ongoing focus on customer service quality and satisfaction and is driven by the following corporate principles:

- A trustworthy business relationship;
- Proximity of service and a prompt response;
- Access to premium and/or tailor-made solutions;
- A distinctive strategy based on the role of a Financial Advisor (manager) with an independent relationship, fostering a culture of closeness between Private Bankers and Customers.

BFA's Customers within this particular segment are guided by a team of qualified Expert Financial Advisors, who manage their accounts on a daily basis and provide diversified investment proposals to help them make well-informed financial decisions.

Although extremely conservative investment profiles are identified among BFA's customers, the Bank is fostering and encouraging the utilisation of digital channels among customers who have not yet signed up to the online platforms. This endeavour has resulted in an increase of 2 additional subscribers (BFA NET and BFA APP) when compared to 2022, and this is an ongoing corporate focus and commitment for 2024.

Over the course of 2023, BFA managed to increase its loan portfolio by 15%, with the highlight being the BFA Collateral Credit product, which is introduced to customers with the aim of maintaining savings and making investments without the need to use their own funds.

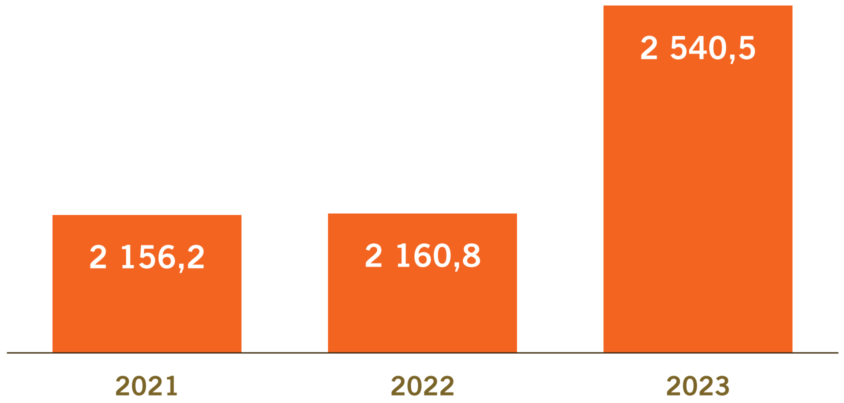
Private Banking customer base increased by +3.2%, totalling 683 customers at year-end 2023. Debit card subscriptions also followed this upward trend, unlike BFA Net and Credit Cards.

Development of the Customer Base and Services – Private Banking

	2021	2022	2023	Δ% 21-22	Δ% 22-23
Customers	747	662	683	-11,4%	3,2%
BFA Net	491	431	377	-12,2%	-12,5%
Debit cards	531	366	388	-31,1%	6,0%
Credit Cards	483	413	396	-14,5%	-4,1%

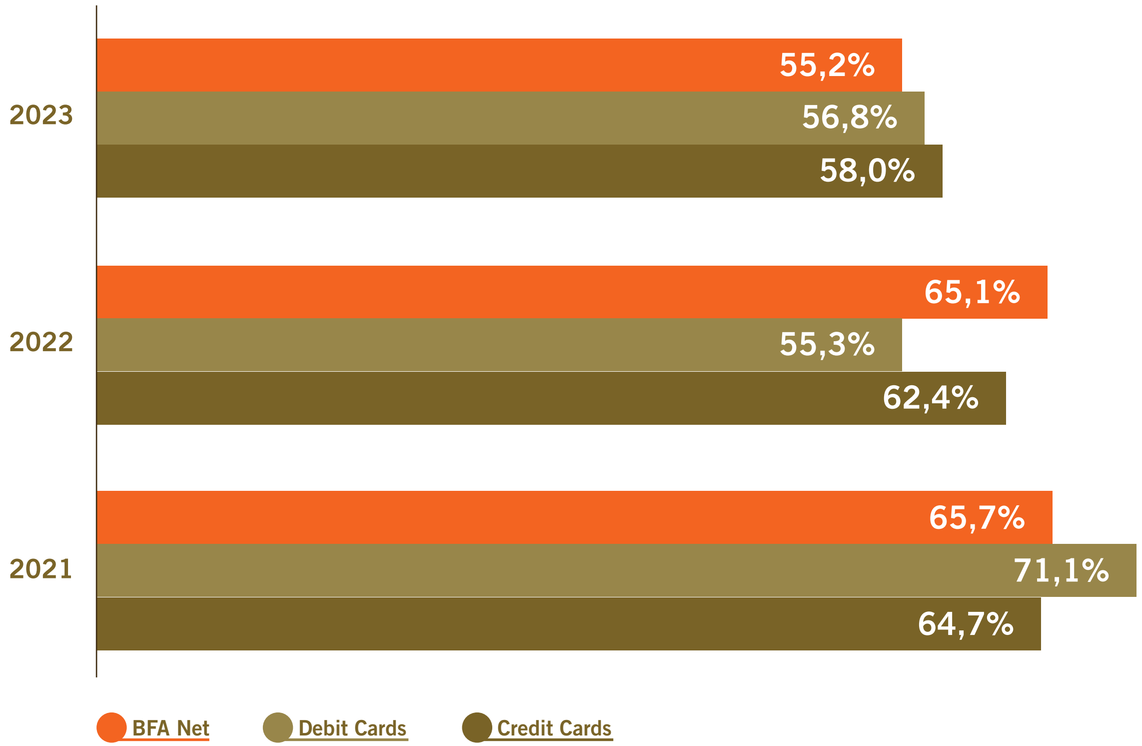
In addition, BFA recorded a slight increase in total credit granted within this segment, amounting to AOA 2,540.5 million at year-end 2023.

Total Credit Portfolio (AOA million)



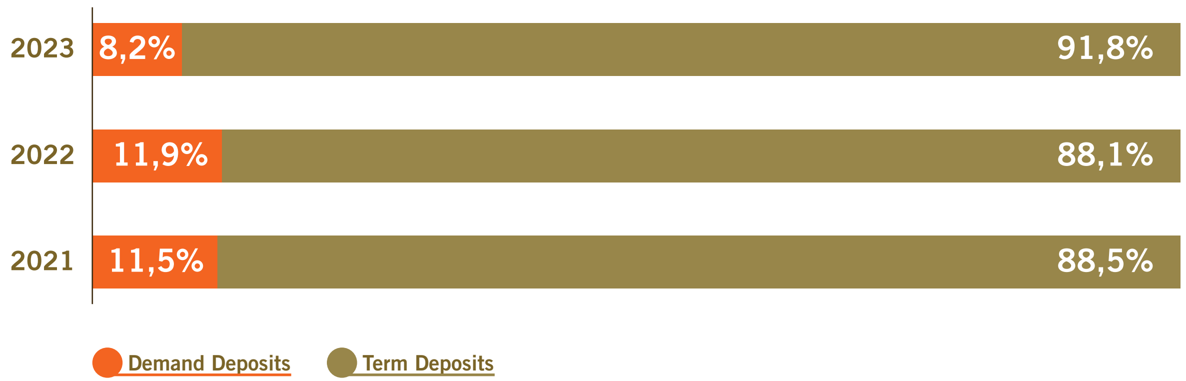
As far as the penetration rate of services is concerned, BFA registered a widespread decline in the number of credit cards and BFA Net adherence.

BFA Net, Debit Cards and Credit Cards Penetration Rates - Private Banking

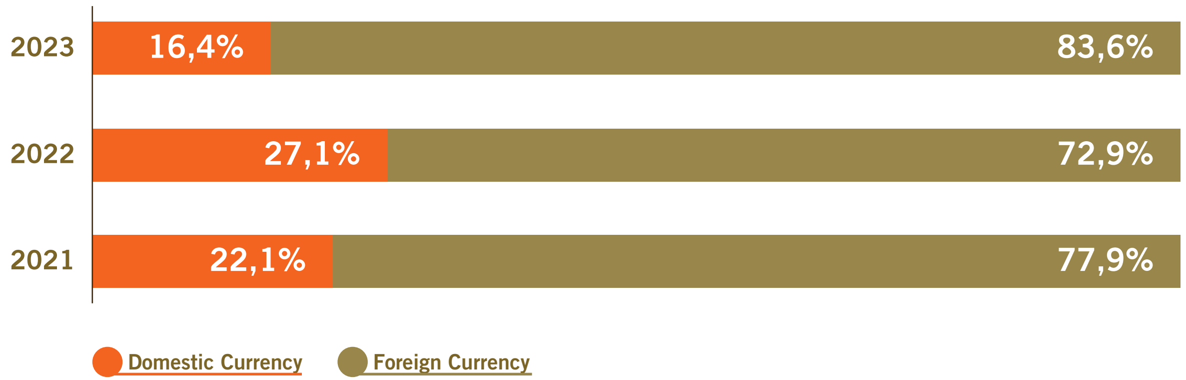


In 2023, with regard to the heading of 'Deposits from Customers and other Loans' within the Private Banking segment, BFA recorded a slight decrease in both Demand Deposits and Term Deposits, with the latter accounting for 91.8% of total reserves. As for the breakdown of deposits by currency, foreign currency deposits increased by 10.7% YoY and accounted for approximately 83.6% of the total deposits' portfolio, with the remaining 16.4% being denominated in domestic currency during FY2023.

Breakdown of Deposits by Category - Private Banking



Breakdown of Deposits by Currency - Private Banking



Corporate

Corporate Segment Specialisation

In November 2020, with the aim of providing specialised and targeted support to each of its Corporate Segment Customers, BFA established the Large Companies Department and the Medium-sized Companies Department, with teams focused and dedicated specifically to this companies' requirements and needs, with the capacity to provide to this Customers a robust and comprehensive product line-up, featuring a wide range of financial Products, Services and solutions aiming to meet and address a wide spectrum of customers' needs and requirements.

BFA currently provides to its Corporate Customers' segment the following business centres nationwide footprint: 11 Medium-sized Companies Business Centres in Luanda, Lubango, Benguela, Lobito and Cabinda. Likewise, the Benfica Business Centre is scheduled to open during 2024, while 7 Large Companies Business Centres are located in Luanda, with a view to ensure closeness and support for the Corporate Customers' segment.

Ongoing Support for the Angolan Business Fabric

During the financial year 2023, in view of the exchange rate volatile and unstable backdrop, BFA provided a steadfast response to address this key matter and assertively managed the scarce availability of foreign currency, always bearing in mind the key premise of ensuring the continuity and sustainability of its corporate customers business environment. In addition, it is worth highlighting the Bank's ongoing support for companies and the real economy through its wide range of credit solutions and products, with BFA playing a key role towards the strategic goal of supporting the sustainable development of the Angolan economy.

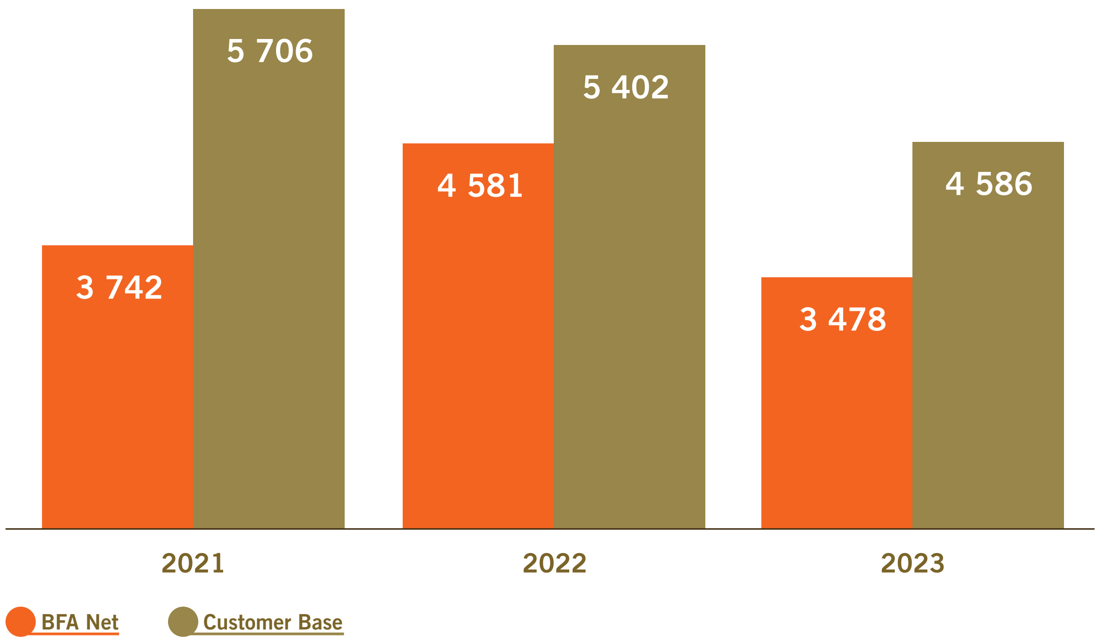
Customer Base and Service Penetration Rate

As a result of the heavy technological investment, the company's focus has been on increasing and boosting the digital platforms penetration rate among its customer base, having as a benchmark BFA Net Business, a digital tool that has been used increasingly by customers within the corporate segment aiming to meet and address their wide-ranging needs.

Team Members training and empowerment continues to be one of the keystones of the organisation focus and endeavours. Over the course of 2023, a wide range of training courses were held on numerous topics such as leadership, motivation and other operational issues.

During 2023, the Corporate Banking segment's customer base fell to a total of 4,586, down approximately 15.1% YoY. Furthermore, the number of customers with access to home banking also dropped by 24.1%, standing at 3,478 service users.

Development of the Customer Base and Service - Corporate



Over the course of 2023, BFA Net Business penetration rate within the Corporate Customers segment stood at 75.8%, down -9% YoY.

Development of BFA Net Business Penetration Rate - Corporate

Development of Deposits from Customers and other Loans

Over the course of FY2023, BFA recorded an increase in the 'Deposits from Customers and other Loans' heading within the corporate customers segment of approximately +44.6% YoY, amounting to AOA 1,571.702 million at year-end 2023. This positive financial performance was mainly due to the +45.2% rise witnessed in Term Deposits and the +44.0% surge in Demand Deposits YoY.

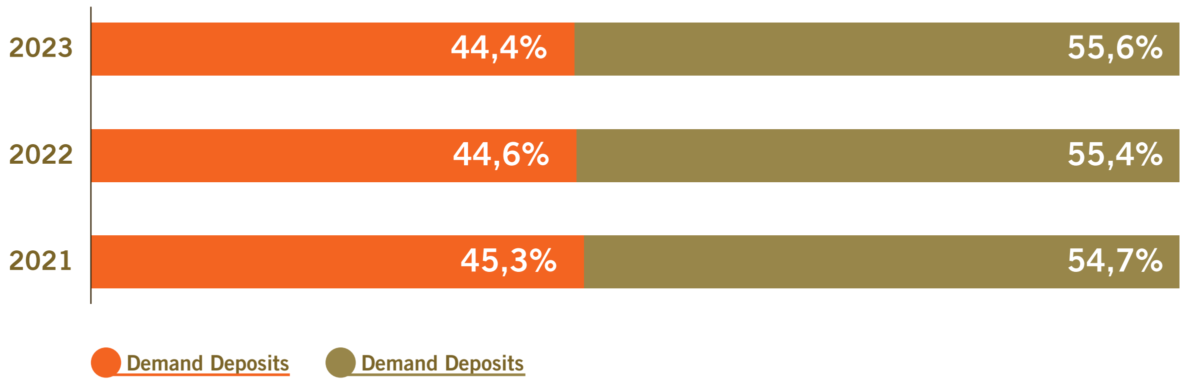
Deposits from Customers and other Loans – Corporate

Amounts expressed in thousand of Kwanzas

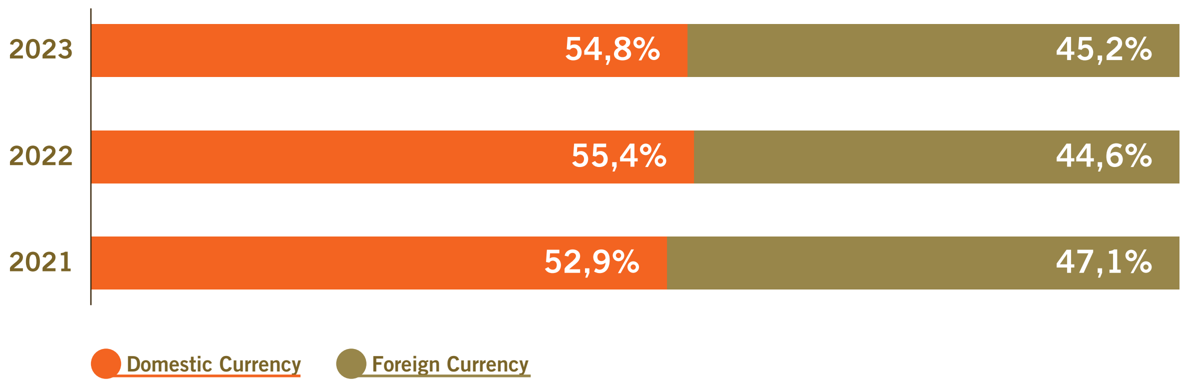
	2021	2022	2023	Δ% 21-22	Δ% 22-23
Deposits from customers and other Loans	1 026 889,7	1 086 739,5	1 571 702,0	5,8%	44,6%
Deposits	1 026 889,7	1 086 739,5	1 571 702,0	5,8%	44,6%
Demand Deposits	464 747,8	484 266,6	697 187,1	4,2%	44,0%
Term Deposits	562 141,9	602 472,9	874 515,0	7,2%	45,2%
Other Loans	0	0	0	-	-

During 2023, BFA continued to experience a rise in the share of Term Deposits (accounting for +55.6% of total deposits from customers and other loans) versus Demand Deposits (which accounted for +44.4% of total deposits from customers and other loans in December 2023). In addition, BFA also recorded a positive trend regarding the deposits in foreign currency share, which rose to +45.2%, corresponding to an increase of 0.6% YoY.

Breakdown of Deposits by Category - Corporate



Breakdown of Deposits by Currency - Corporate



Development of the Credit Portfolio

During 2022, BFA continued to assert itself as one of the most relevant key players within Angola's financial landscape when it comes to supporting the country's real economy, being among the financial institutions that provided the most financing for relevant projects under BNA's Notice - 10/2022.

Notwithstanding the foregoing in the preceding paragraph, the corporate customers segment's total credit portfolio fell by 3.7% when compared to FY2021, amounting to AOA 370.740,3 million. This mild variation was mainly due to the widespread decrease recorded in the Credit headings, namely within its main component "Loans and advances to customers", which registered a negative change of -4.2% YoY.

Throughout 2023, BFA continued to assert itself as one of the most relevant key players within Angola's financial landscape when it comes to supporting the country's real economy, with the Corporate Banking Divisions witnessing a highly positive performance in their loan portfolio with a recorded growth of approximately +68.7%. This positive change was mainly due to the growth recorded in the headings of 'Financing Credit' and 'Banking Guarantee Credit', both experiencing record-level rises of 777.2% and 101.8%, respectively, YoY.

In addition, it is worth highlighting BFA's support for projects under BNA Notice 10/2022 and PDAC through the provision of financing totalling approximately AOA 217.924 million, which has been instrumental in BFA's strategic aim of supporting the sustainable development of the Angolan economy, with Corporate Banking division contributing with approximately 92.5 % of the total financing allocated.

Development of the Credit Portfolio – Corporate

Amounts expressed in thousand of Kwanzas

	2021	2022	2023	Δ% 21-22	Δ% 22-23
Total Credit	384 878,2	370 740,3	625 256,2	-3,7%	68,7%
Corporate	384 878,2	370 740,3	28 430,5	-3,7%	-92,3%
Loans to Customers	308 675,2	295 771,8	596 825,7	-4,2%	101,8%
Corporate Guarantees	76 203,0	74 968,4	42 558,5	-1,6%	-43,2%
Import Documentary Credit	23 632,5	17 345,5	48 799,9	-26,6%	181,3%
Guarantees Provided	52 570,5	57 622,9	505 467,2	9,6%	777,2%
Others	0	0	0	-	-

Development of BFA's Non-Performing Loans Portfolio (AOA million)

The non-performing loans portfolio has remained at acceptable and controlled levels, highlighting the quality of loans granted to customers and the level of post-loan monitoring and oversight. The non-performing loan portfolio decreased by 0.2%.

BFA is unconditionally committed to ensuring that all its customers have up-to-date and relevant information to guarantee compliance in their banking transactions, by adopting the current compliance requirements that safeguard the relationship with its counterparties.

Oil & Gas Institutional

BFA's commitment to supporting the sustainable development of the economy drove the implementation of a value proposition based on a customer-centric approach and strategy, innovative solutions and high standard customer support service. In view of BFA's track record of providing services to Oil & Gas Customers, the "ECBD" decided to extend the specialised and tailor-made service to Customers operating in the mining sector (Miner Desk).

Among the criteria that influenced the decision, the most relevant are the fact that both sectors are the largest contributors to the Country's GDP, both are under the aegis of the same Ministerial authority, and both operate in a similar manner with respect to foreign exchange transactions.

BFA's successful performance in 2023 in the Oil & Gas and Mining industry sectors was underpinned by three key cornerstones:

Expertise support & guidance:

With experienced and dedicated professional teams, possessing extensive knowledge of transactional requirements and regulatory frameworks, these experts ensure prompt handling of complex procedural instructions and requirements submitted by corporate customers. As a result, BFA has earned recognition as a primary partner for doing business with customers operating in these segment(s).

Operational Support & Monitoring:

The bank has implemented an automatic procedure of sending bank statements via SWIFT MT940 and processing of transfers through SWIFT MT101, as well as batch processing in PSX files.

BFA has chosen to adapt its operational structure and systems for processing payments and transfers as follows:

- Automated files integration between the IT systems of the Customers' companies and the Bank;
- Encouragement to use electronic means of payment such as Homebanking;
- Enablement of the Home banking system to make tax payments;
- Registration and monitoring of Service Contracts and Payrolls in the SINOC (Integrated System of Foreign Exchange Operations).

Soundness and Security:

Due to BFA's strong and sound Balance Sheet and high liquidity levels, the financial institution presents itself as a solid financial guarantor able to provide full financial support with complete transparency to the Oil & Gas, mining and public sectors' customers business needs.

The applicational and technological solutions developed and made available by BFA to its corporate Customers are aligned with the best practices of the sector, in order to guarantee total security, promptness, efficiency and integrity in the processing of transactions.

In recognition of the accuracy, commitment and high quality of the service provided, the Bank was acknowledged and awarded the Best Bank of the year 2023 for the Oil & Gas sector by a specialised company from the industry.

With respect to the Mining sector, BFA has been increasingly more visible and active, providing financial support and assistance to multiple projects that arise from the growing dynamics of the sector, as a result of the growing number of mining permits granted for mineral exploration.

As for the institutional sector, BFA maintained close relationships with numerous public, corporate, institutional, and diplomatic entities.

BFA provided a strong support to the government executive board in multiple structural projects with economic and social impact, maintaining the strategic direction that positions BFA as a financial institution that supports the sustainable development of the Angolan economy.

BFA is firmly committed to ensuring that all its customers have up-to-date and appropriate information to ensure compliance in their banking transactions, through the adoption of current compliance requirements that safeguard the relationship with their counterparts.

Business and Financial Backdrop in 2023

The foreign exchange market proved to be a very challenging sector during 2023, experiencing some constraints in the supply of foreign currency from Q2 2023 onwards. To this end, BFA's corporate strategy on providing assertive communication to its customers was crucial to ensuring transparency in the management of expectations in foreign exchange operations.

In accordance with its outspread importance and influence across the Oil&Gas, mining and institutional sectors, BFA was invited to take part in a number of industry events, whose analytical approach reflected on the following industry-related factors:

- The need for further investment efforts in order to reverse the downward trend in the Oil output through the bidding process for oil license concessions;
- Energy transition;
- Local Content Law - Presidential Decree No. 271/20, dated October 20th;
- Programme for the privatization of state-owned companies in the oil and gas sector.
- Providing support for the financing of major structuring projects.

2024 Outlook

As far as the financial year of 2024 is concerned, BFA intends to renew its commitment to developing innovative product and service solutions to boost the overall energy sector, energy transition programme and mineral resources sector, with teams that are both highly qualified and committed to the Customer; to maintain a solid and strong commitment to monitoring and supporting the growth of the Angolan companies that are committed to the Local Content Law, by developing and providing tailor-made enterprise solutions; and to provide support to public institutions, companies and institutional entities on a wide range of projects/activities that they are planning to undertake.

Agribusiness

Direct support for the diversification of the Angolan economy

The Agribusiness Department plays a pivotal role in the Bank's strategy for financing the agriculture, livestock, fishery, and forestry sectors, as well as other associated industries. The Agribusiness Department provides support to the commercial network in identifying and attracting new customers, developing specific credit products for customers within this sector, as well as providing assistance to the Risk Management Areas by analysing loan applications for investment projects.

The Agribusiness Department's operations are based on three cornerstones: a) providing support to the Sales Network in identifying and attracting new Customers; b) providing support to the Marketing Department for the development of products tailored to Customers' needs; and c) providing support to the Risk Units when it comes to analysing the technical, operational and economic aspects of financing applications for investments in Agro-projects.

Highlights of Key Activities in 2023

In terms of further documenting and fostering the agribusiness understanding at BFA, the Bank published weekly market information about the agribusiness sector, as well as disclosed the Agro Magazine on a quarterly basis and held specific training sessions for the sales network.

As far as partnerships are concerned, BFA signed a MOU with AIPEX, with the aim of attracting new investments and customers, carrying out sector-related research, training and promoting the Bank's financial products and services, and with Rabobank, a Dutch bank with expertise in the agribusiness sector, BFA signed a 3-year technical assistance programme (2023-2025).

In terms of business strategy and products and services offerings, Rabobank carried out a comprehensive analysis and assessment research of the agri-food and agribusiness sector in April 2023, which is currently the guiding instrument for the Bank's agribusiness strategy. Likewise, BFA also established a strategic partnership with INCA to develop a tailor-made offering for the coffee sector.

In addition, concerning management data and information, the Bank took part in a multidisciplinary team to standardise the information reported by Agro Customers.

Likewise, as far as team capacity-building is concerned, a wide range of training courses were organised in coordination with the BFA Academy by third-party organisations aimed at strengthening BFA's personnel skills in terms of analysing and assessing projects, management and best practices in the financing of the agribusiness value chain, as well as attendance at international conferences to update expert-level knowledge and know-how in the aquaculture sector.

As for the database of active agribusiness corporate Customers, at the end of 2023 it comprised 297 Customers, which represents an increase of approximately 28% when compared to 2022, which are distributed across the Commercial Divisions and sectors mentioned in the table below.

Agribusiness Customer Base in 2023

Sectors	Corporate Department	Retail & Business Department	Total
Agriculture	39	140	179
Livestock	12	22	34
Salt Production	0	6	6
Fishery	14	13	27
Input Trade	10	10	20
Forest Exploitation	5	9	14
Agro-Industries	10	7	17
Total	**90**	**207**	**297**

The partnership agreement established with PDAC in 2021 has been instrumental in attracting new Customers, mainly micro and small enterprises in the provinces of Malange, Kwanza Norte, Kwanza Sul, Bié and Huambo, which are regional producers of grains, roots, tubers, eggs and chicken.

As far as Agro-Industries projects are concerned, the number of new proposals analysed increased by +9% and in terms of turnover by approximately +26% year-over-year (YoY). To supplement the analysis of financing applications, BFA undertook forty-six fact-finding visits to the promoters' projects as well as held remote meetings and online monitoring sessions on virtual platforms. The monitoring of ongoing projects was carried out on the fifty-eight concluded/signed operations, which are currently in the disbursement and reimbursement phase, representing an increase of +141% YoY, totalling twenty-four (24) projects.

Sectors	Notice no. 10	PDAC/ Notice no. 10	Number of Proposals	Total Amount (AOA million)
Agriculture	16	96	112	53 440
Livestock	8	6	14	15 685
Provision of services	0	4	4	440
Agro-Industry	5	0	5	28 651
Fishery/Aquaculture	4	0	4	9 570
Salt Production	1	0	1	585
Forestry	1	0	1	6 286
Manufacturing Industry	0	3	3	200
Total	**35**	**109**	**144**	**114 856**

2024 Outlook

Concerning project's objectives and prospects for 2024, the Agribusiness Department aims to:

1. To suggest the incorporation of the Agribusiness sector into the Bank's strategic business cornerstones;
2. To continue to support the Sales Network in stimulating, identifying and attracting new customers in vertical sectors with an impact on the country's economic activity, particularly putting its focus on key regional areas, without forgetting the new regions to be explored;
3. To monitor, on the commercial front, the projects financed by BFA in order to ensure that the ancillary duties and obligations laid down in the agreements are safeguarded;
4. To promote cross-selling among agribusiness customers;
5. To develop the products and services tailored offering to the Coffee Industry Customers based on expertise mastery and understanding of the coffee culture value chain;
6. To implement the Memorandum of Understanding (MOU) signed with Rabobank, ensuring the alignment of the bank's corporate strategy at national and international level and the fulfilment of the SDGs;
7. To further structure the support and assistance provided to the fruit and vegetable, poultry and coffee value chains, with the guidance of the technical assistance programme from Rabobank;
8. To continue to monitor the work done to improve the quality of data/information in BFA's database aimed at enhancing the trustworthiness, reliability and accuracy of management data and information.

Capital Markets

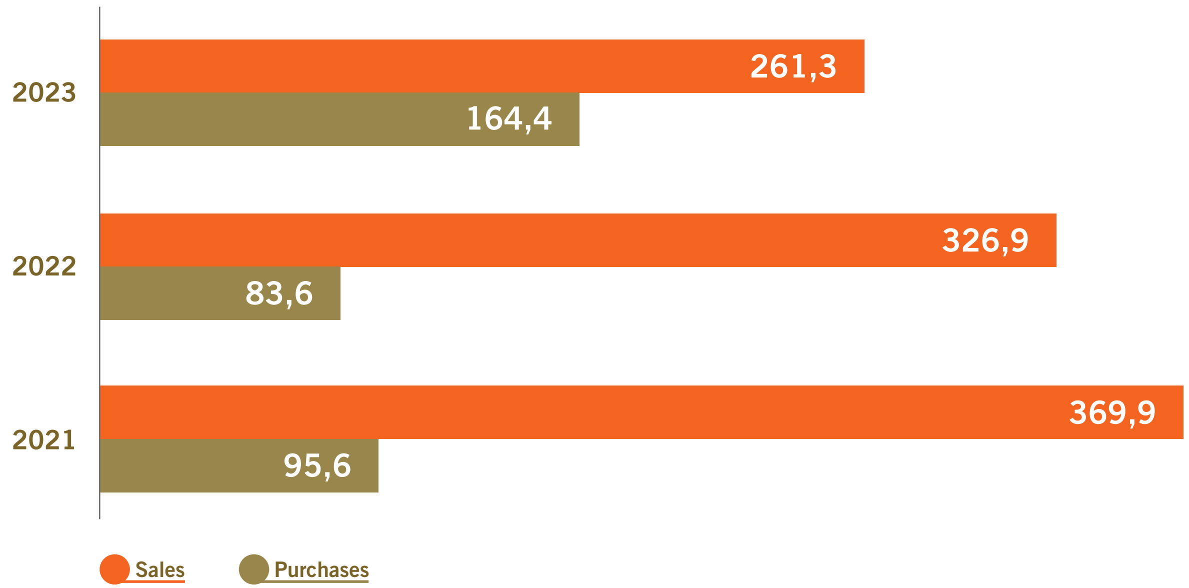
PUBLIC DEBT BROKERAGE

Market Leadership in Boosting the Capital Market in Angola

Public Debt Securities Brokerage is an additional BFA service that aims to meet and address the Bank's Customers' liquidity and investment needs. In 2020, BFA became the first financial institution within the Angolan capital markets landscape to be designated as a Primary Dealer of Treasury Bonds ("PDTB"), a high-profile role and function included in the Bank's core business strategy. As a Primary Dealer of Treasury Bonds ("PDTB"), the Bank performs the function of Treasury Bonds-edged Market Maker ("TBEMM"), by providing liquidity to the market and setting fair prices, whilst ensuring security for investors, who, should the need arise, will be able to dispose of their assets at market prices.

Within the scope of its corporate business strategy, BFA has bought Treasury Bonds from its Customers, both Retail and Corporate, who need liquidity for their business operations, and BFA sells these same Bonds to other Customers who take advantage of an opportunity to diversify and monetise their savings.

Public Debt Transactions with Customers (USD millions)

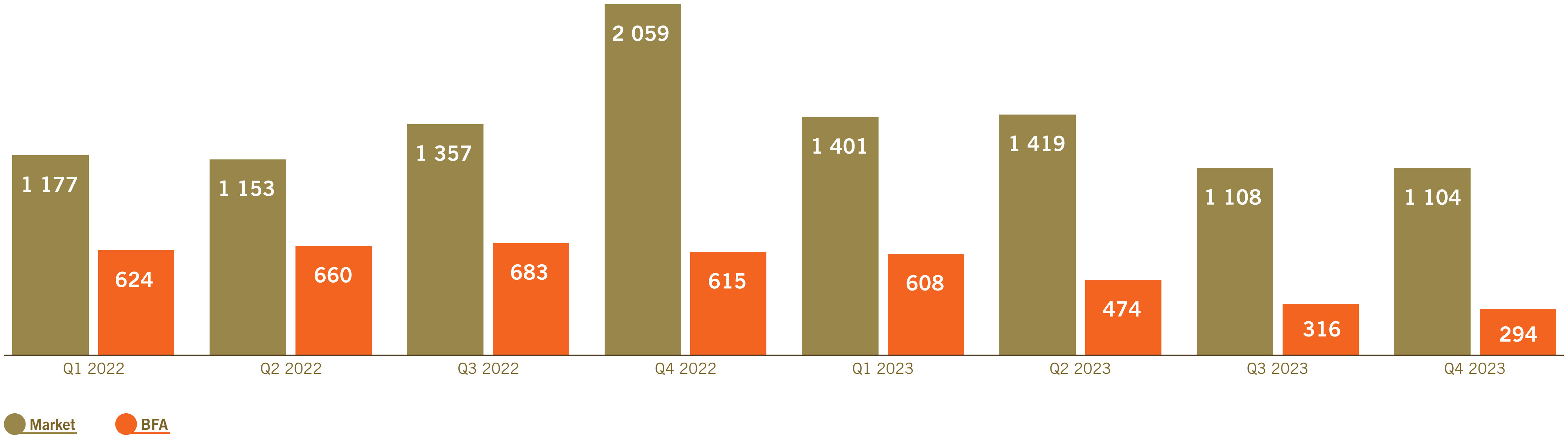


BODIVA

The strengthening of the Bank's leading position as a Securities Broker-Dealer House is inseparably interconnected with the opening of the Angolan Debt and Securities Exchange (BODIVA) in 2015. This consolidation culminated in BFA becoming BODIVA's first Trading Member, with the possibility of operating on the regulated markets in its own capacity and as a financial broker in the execution of third-party orders. BODIVA is a regulated market management company entrusted with implementing the business environment that makes it possible to trade treasury bonds, corporate bonds, stocks, investment fund units and other securities on the secondary market. BODIVA's membership and registry makes it possible for all market players to have access to the same information, which allows for total price transparency for those wishing to trade in Treasury Bonds. This is a critical and key factor when it comes to setting up and implementing a capital market, as well as facilitates and boosts the trading of securities between the different market players.

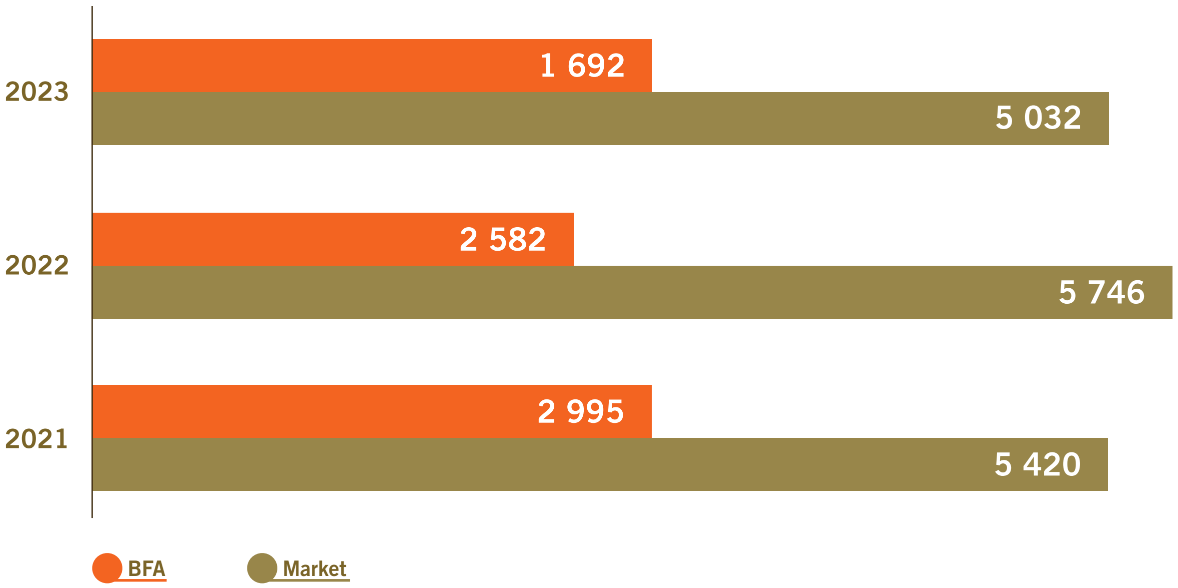
Over the course of FY2023, BODIVA recorded a total of 5,032 deals, which represents a decrease of -12.4% YoY.

Number of Deals Completed per Quarter, YoY



Of the total number of deals carried out in the BODIVA exchange over the course of 2023, BFA accounted for 1,692, a decrease of -34.5% YoY, which represented a 53.4% participation share. This market performance continues to demonstrate the Bank's capacity to offer its customers access to the capital market, as well as the paramount importance that the institution is placed in terms of boosting the Angolan capital market.

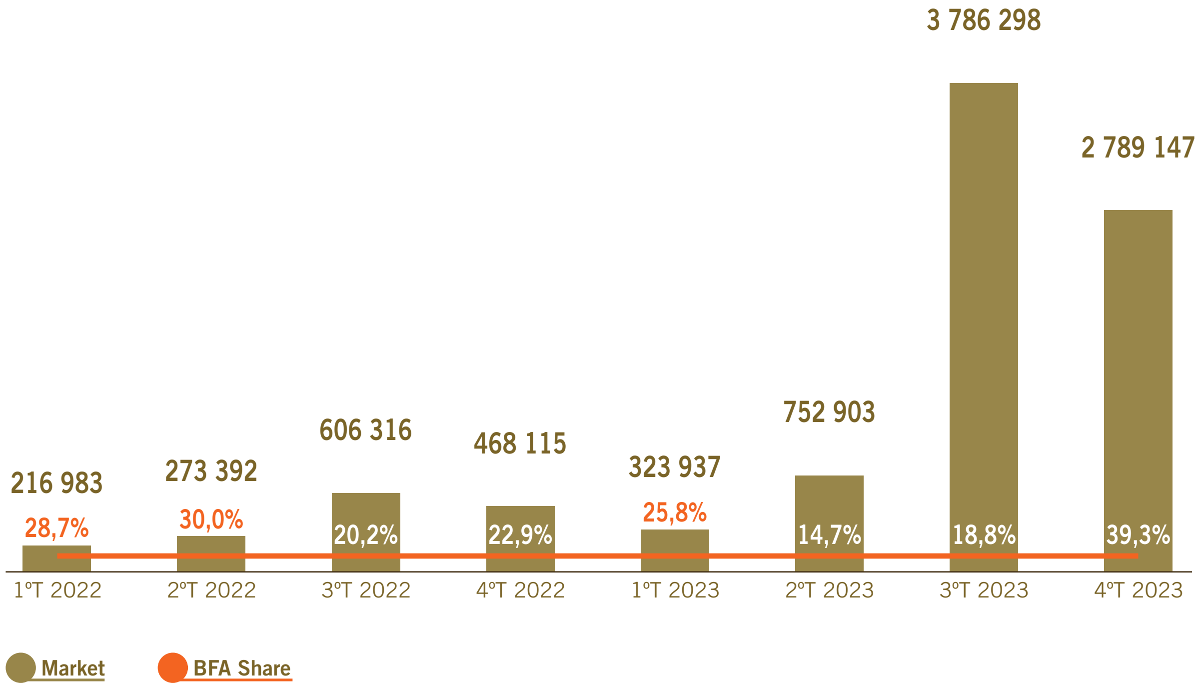
Total Number of Deals (Bodiva Market vs BFA)



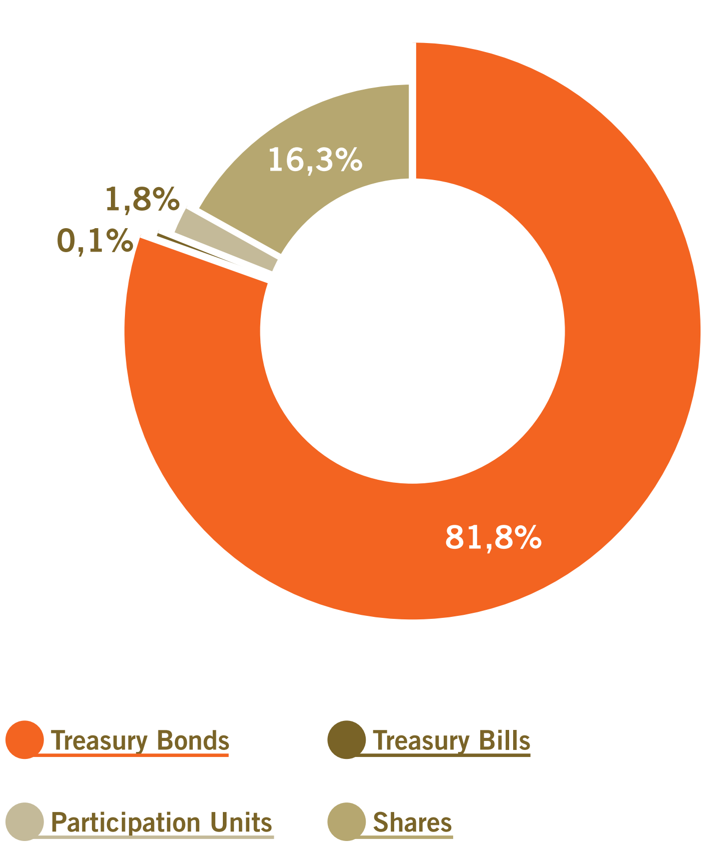
When analysing the total trading turnover achieved in 2023 on the BODIVA Markets, it can be concluded that BFA obtained an annual market share of 13.9%, thus maintaining its leading position within the Capital Market in both key categories: a) total number of deals, and b) total trading turnover.

Business Classification

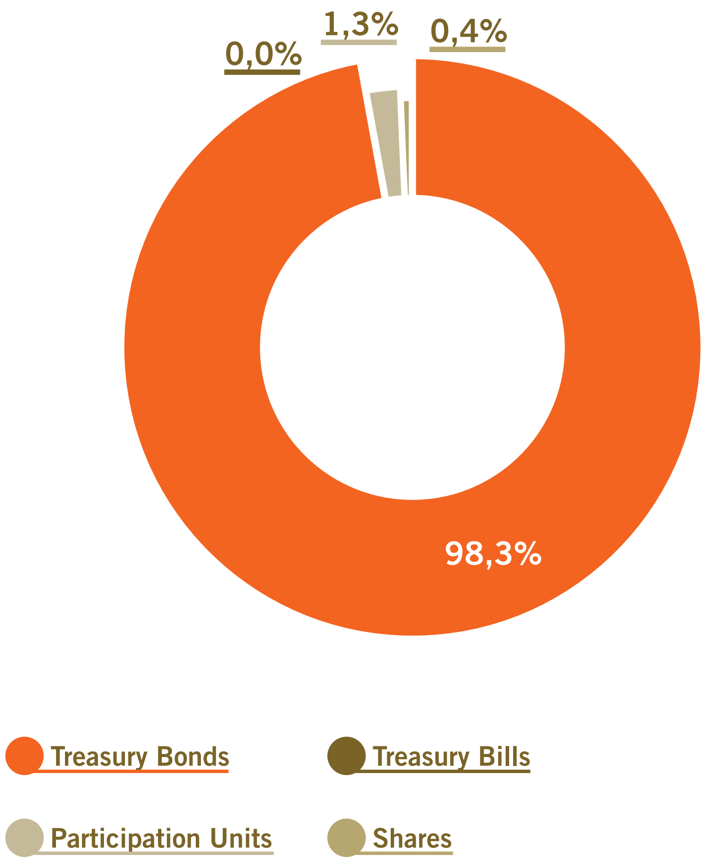
Total Trading Turnover



Breakdown of the Trading Activity by Number of Deals



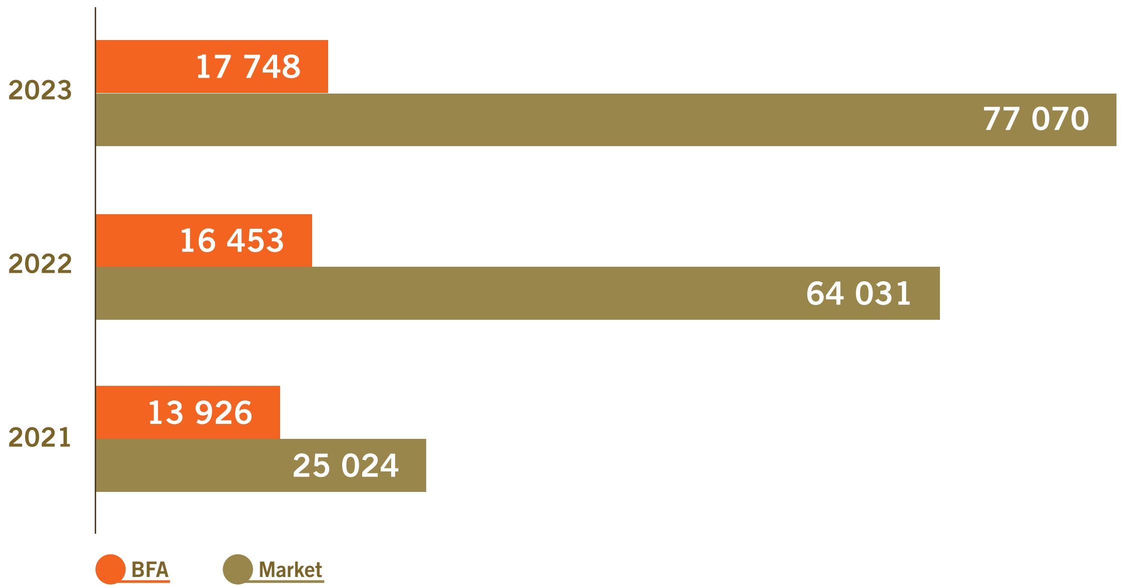
Breakdown of the Trading Activity by Trading Turnover



CEVAMA Accounts

Throughout 2023, the number of accounts opened with CEVAMA (BODIVA's Central Securities Depository) recorded a sharp increase (+13,039 accounts) and rose from a total of 64,031 accounts to 77,070 year-over-year, highlighting the growing momentum and vitality of the Angolan capital market. BFA followed the market trend and at the end of 2023 had 17,748 active accounts opened at CEVAMA, which represents an increase of 7.9% (+1,295 accounts) YoY, and a share of 23.0% in CEVAMA's total accounts.

Number of CEVAMA Accounts, YoY



BFA Asset Management

COLLECTIVE INVESTMENT SCHEMES MANAGEMENT COMPANY

The BFA Assets Management Company ("BFA AM"), has been officially registered with the Capital Markets Commission "CMC" since December 2016, and is currently one of the largest Collective Investment Schemes Management Companies "CISMC" operating within the Angolan financial market.

BFA AM provides Incorporation, Management and Advisory services for Collective Investment Schemes (CIS) on behalf of Institutional and Non-Institutional investors.

BFA Asset Management's investment strategy comprises an extensive array of asset classes, identified and selected through a detailed and close monitoring/assessment of the different market trends, as well as of the multiple investment opportunities that arise throughout the advisory process.

Until December 2023, BFA AM was entrusted with the cumulative placement of a total of 26 Collective Investment Schemes within the Angolan capital market, of which 17 are liquidated and 9 are active. Hence, BFA Asset Management until December 2023, had a track record of about AOA 324.000 millions of assets under management, considering the combined sum of all Investment Funds' Share Capital, and a total of AOA 96.500 million of assets under management, considering the aggregate sum of the global net value of each Investment Fund (Share Capital + capital gains).

Such a successful performance is the outcome of the high level of professionalism and anticipation of investors' needs, as well as the result of the drive and energy of the entire BFA group's team, the sense of commitment, transparency, democracy, resilience and capacity for innovation that it has been implementing since its foundation, and whose ultimate goal is to provide distinctive and tailor-made financial products and services to the market.

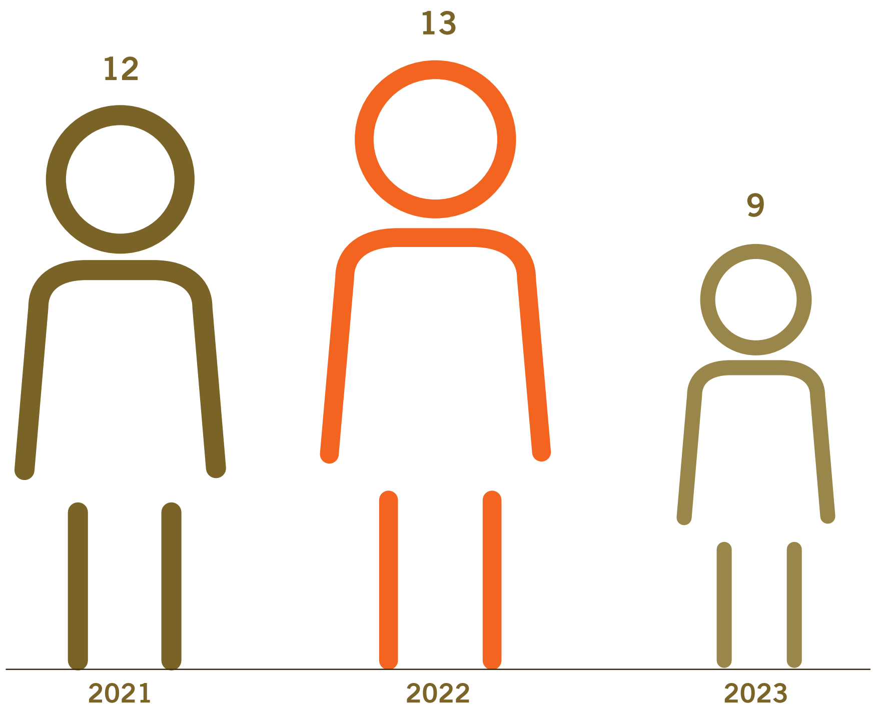
Extensive Know-how in Financial Markets

100% Personnel Bachelor's or Master's Degree

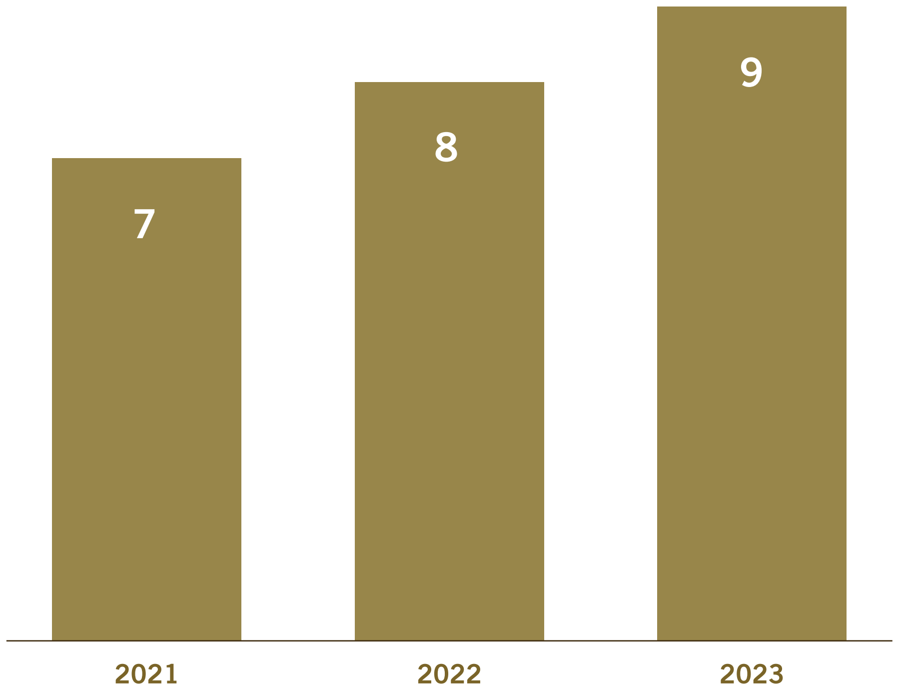
35 Average Age of Team Members

100% National Team Members

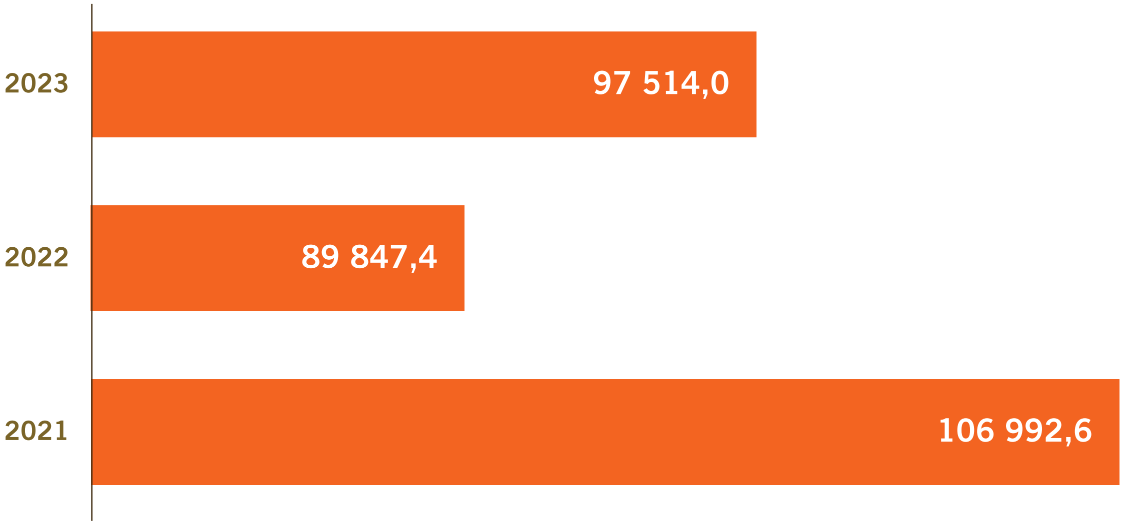
Headcount Development



Number of Funds Under Management



Assets Under Management (AOA million)



Dec.23F
82%
Market Share of the Number of Transferable Securities Collective Investment Schemes

Dec.23F
38%
Market Share of the Number of Collective Investment Schemes

Dec.23F
89%
Market Share of Assets under management within the "Transferable Securities Collective Investment Schemes Market"

Dec.23F
15%
Market Share of Assets under management in the Collective Investment Schemes Market

Historical Performance of BFA Investment Funds since inception

BFA Opportunities		BFA Opportunities II		BFA Protection		BFA Opportunities III		BFA Private	
Incorporation Date	17-08-2017	Incorporation Date	24-08-2018	Incorporation Date	03-09-2019	Incorporation Date	11-09-2019	Incorporation Date	25-05-2020
Maturity Date	17-08-2018	Maturity Date	24-08-2019	Maturity Date	18-12-2020	Maturity Date	26-01-2021	Maturity Date	02-08-2021
Share Capital	10 AOAMM	Share Capital	18 AOAMM	Share Capital	8,5 AOAMM	Share Capital	17,7 AOAMM	Share Capital	4,5 AOAMM
Assets	BT I DP	Assets	BT I DP	Assets	OTIKZ I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 AOAMM	Maturity	1 AOAMM	Maturity	1 year & ≈ 3 months	Maturity	1 year & ≈ 4 months	Maturity	1 year & ≈ 3 months
Annualized return	18,1%	Annualized return	14,6%	Annualized return	58,46%	Annualized return	15,5%	Annualized return	16,9%
Cumulative return	18,1%	Cumulative return	14,6%	Cumulative return	81,4%	Cumulative return	22,0%	Cumulative return	20,4%

BFA Opportunities IV		BFA Opportunities V		BFA Opportunities VI		BFA Opportunities VII		BFA Opportunities VIII	
Incorporation Date	22-07-2020	Incorporation Date	27-08-2020	Incorporation Date	21-12-2020	Incorporation Date	07-04-2021	Incorporation Date	07-06-2021
Maturity Date	25-04-2022	Maturity Date	07-11-2021	Maturity Date	09-01-2022	Maturity Date	17-08-2022	Maturity Date	01-04-2022
Share Capital	10 AOAMM	Share Capital	10 AOAMM	Share Capital	20 AOAMM	Share Capital	15 AOAMM	Share Capital	15 AOAMM
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 year & ≈ 9 months	Maturity	1 year & ≈ 3 months	Maturity	1 year & ≈ 1 month	Maturity	1 year & ≈ 4 months	Maturity	≈ 10 months
Annualized return	18,1%	Annualized return	16,5%	Annualized return	18%	Annualized return	16,4%	Annualized return	16,5%
Cumulative return	34,1%	Cumulative return	20,1%	Cumulative return	19%	Cumulative return	22,9%	Cumulative return	13,3%

BFA Opportunities IX		BFA Opportunities X		BFA Opportunities XI		BFA Opportunities XII		BFA Opportunities XIV	
Incorporation Date	16-09-2021	Incorporation Date	30-11-2021	Incorporation Date	09-03-2022	Incorporation Date	21-01-2022	Incorporation Date	11-05-2022
Maturity Date	05-02-2023	Maturity Date	31-05-2022	Maturity Date	28-02-2023	Maturity Date	02-03-2022	Maturity Date	14-03-2023
Share Capital	14 AOAMM	Share Capital	12 AOAMM	Share Capital	10 AOAMM	Share Capital	10 AOAMM	Share Capital	10 AOAMM
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	1 year & ≈ 5 months	Maturity	≈ 6 months	Maturity	1 year	Maturity	1 year & ≈ 1 month	Maturity	1 year & ≈ 8 months
Annualized return	16,4%	Annualized return	16,9%	Annualized return	13,6%	Annualized return	15,4%	Annualized return	14,1%
Cumulative return	23,5%	Cumulative return	8,1%	Cumulative return	13,3%	Cumulative return	17,3%	Cumulative return	24,1%

BFA Opportunities XV		BFA Opportunities XVI		BFA Flash		BFA Opportunities XVII		BFA Flash Plus	
Incorporation Date	19-05-2022	Incorporation Date	16-06-2022	Incorporation Date	28-11-2022	Incorporation Date	19-08-2022	Incorporation Date	06-10-2023
Maturity Date	01-12-2022	Maturity Date	14-03-2024	Maturity Date	29-05-2023	Maturity Date	14-03-2024	Maturity Date	14-03-2024
Share Capital	10 AOAMM	Share Capital	10 AOAMM	Share Capital	10 AOAMM	Share Capital	5,65 AOAMM	Share Capital	11,93 AOAMM
Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP	Assets	OTNR I DP
Maturity	≈ 6 months	Maturity	1 year & ≈ 7 months	Maturity	≈ 6 months	Maturity	1 year & ≈ 4 months	Maturity	≈ 3 months
Annualized return	12,9%	Annualized return	11,8%	Annualized return	15,6%	Annualized return	12%	Annualized return	10%
Cumulative return	6,7%	Cumulative return	18,7%	Cumulative return	7,5%	Cumulative return	16,8%	Cumulative return	2,3%

BFA Future		BFA Private IV		BFA Opportunities XVIII		BFA Opportunities XIX		BFA Private V	
Incorporation Date	13-01-2023	Incorporation Date	31-03-2023	Incorporation Date	24-02-2023	Incorporation Date	12-05-2023	Incorporation Date	31-05-2023
Maturity Date	11-03-2024	Maturity Date	25-09-2024	Maturity Date	21-05-2024	Maturity Date	20-11-2024	Maturity Date	02-12-2024
Share Capital	3 AOAMM	Share Capital	10 AOAMM	Share Capital	11 AOAMM	Share Capital	10 AOAMM	Share Capital	15 AOAMM
Assets	OTNR I BTI DP	Assets	OTNR I BTI DP	Assets	OTNR I BTI DP	Assets	OTNR I BTI DP	Assets	OTNR I BTI DP
Maturity	≈ 1 year	Maturity	≈ 9 months	Maturity	≈ 10 months	Maturity	≈ 8 months	Maturity	≈ 7 months
Annualized return	12,5%	Annualized return	13,6%	Annualized return	13%	Annualized return	11,9%	Annualized return	13%
Cumulative return	12%	Cumulative return	10,1%	Cumulative return	10,9%	Cumulative return	7,4%	Cumulative return	7,4%

2024 Outlook

The BFA Asset Management company estimates that the financial year 2024 (‘FY2024’) will be shaped by these three driving factors:

1. To continue along the path of consolidating the Privatisation Programme - as a strategy for boosting the private sector, and as one of the main means by which foreign investment will materialise;
2. Inclusion and attraction of Investors into the Capital Market - It is expected that with the rise in interest rates on public debt securities, the appetite for investment in the capital market will pick up steam and grow.
3. Effective Implementation of Foreign Investment - the policies implemented by the government executive branch in recent years, are expected to be evidence and a clear indication of the ongoing transformation of the business environment in Angola’s domestic market.

With a view to addressing and overcoming the various challenges that are foreseen in the Capital Markets, BFA Asset Management (“BFA AM”) will continue to heavily invest in the ongoing training and skills-building of its personnel. This investment aims to strengthen and enhance the quality of service as a key driver towards achieving long-term business success, mitigating operational risks, anticipating investors’ needs more effectively, and constantly striving to develop innovative investment solutions for all stakeholders, in order to establish a reliable and long-lasting business and investment relationship that solidifies BFA AM’s position in the Capital Markets.

BFA Capital Markets

BFA Capital Markets - Securities Broker-Dealer Company, PLC (hereinafter referred to as "BFA Capital Markets") was incorporated under Presidential Decree-Law no. 5/13, dated 9th October, which set forth the Securities Broker-Dealer Companies Legal Framework.

BFA Capital Markets was founded with the aim of providing financial brokerage services in the securities market by providing a wide range of investment products and services, with a view to securing a leading position within the national capital market.

As far as the corporate governance model and the internal control systems are concerned, the company has aligned itself with the three-line defense model in force at the parent company and with the corporate governance policy in force at the BFA Group, and the business areas portfolios are appropriately distributed among the members of the Board of Directors.

BUSINESS ACTIVITY AND PERFORMANCE

In January 2023, during the run-up to the commencement of its operations on the capital market, BFA Capital Markets completed its registration procedure with Angola's Capital Market Commission (CMC), which issued the registration certificate authorising the company to carry out a set of nine key activities, among which it is currently performing the following:

1. Receiving and transmitting orders on behalf of third parties;
2. Executing orders on behalf of third parties in regulated or non-regulated markets;
3. Trading for its proprietary portfolio;
4. Registration, deposit and custody services;
5. Assistance and support regarding public offerings and advisory services on capital structure, industrial strategy as well as mergers & acquisitions of companies;
6. Unsecured placement in public offerings;
7. Underwriting and guaranteed placement in public offerings;
8. The granting of credit, including securities lending or borrowing transactions, for the purpose of performing and executing operations in which the credit grantor is involved;
9. Foreign exchange services required to perform the services outlined in the preceding paragraphs under the terms laid down by the applicable foreign exchange laws in force.

In April 2023, BFA Capital Markets became a trading member of BODIVA ("Debt and Securities Exchange of Angola"), which signalled the commencement of its operations on the regulated markets in its own capacity and as a broker-dealer player facilitating the execution of third-party orders.

The month of June 2023 signals the effective commencement of BFA Capital Markets' operations as the first-ever Securities Broker-Dealer Company (Portuguese acronym: "SDVM") to register on the stock exchange. In August 2023, after a year of hard work and careful planning, BFA Capital Markets achieves one of the most noteworthy milestones in its history, with the opening of new accounts and the receipt of custody accounts from banking institutions that no longer operate in the capital market. In that same month, BFA Capital Markets also took an active role in Sonangol's first-ever Public Bond Offering.

BFA Capital Markets also achieves the key milestone of becoming the first-ever securities broker-dealer company to attain the highest trading volume on the capital market, totalling AOA 60 billion in 2023. In addition, BFA Capital Markets ended the year as the broker-dealer firm with the highest number of custody accounts, amounting to a total of 17,651, a three-fold figure higher than the other main competitors within the Capital Market.

The corporate commitment to high-levels of professional performance and standards was further highlighted, when BODIVA disclosed that BFA Capital Markets was the securities broker-dealer firm with the highest turnover on the stock exchange and the largest number of custody accounts in 2023.

2024 Outlook

BFA Capital Markets aims to achieve the following corporate goals during the financial year 2024 (‘FY2024’):

- To strengthen its leadership position in the capital market through active participation in Securities Placement (primary market) and the provision of Brokerage financial services (secondary market);
- To provide a broad range of investment products and services in alignment with investors’ needs and preferences;
- To expand and broaden the investor pool in the capital market, maintaining its leading position as the distribution company with the largest number of custody accounts;
- To invest in the digitalisation of processes and services through the opening of digital channels that will allow customer accounts to be opened through digital platforms, and portfolio management to be carried out through digital channels;
- To drive the implementation of cutting-edge technologies to better meet investors’ needs and expectations, offering first-rate digital solutions;
- To foster financial literacy by creating educational content on the capital market, with a view to empowering current and potential investors with the insights, knowledge and know-how they need to make well-informed and well-founded investment decisions;
- To strengthen the organisational culture, as well as to develop on an ongoing basis top-tier skills, empower team members and work teams.

BFA PENSIONS
Pension Funds Management Company, PLC

PENSION FUNDS MANAGEMENT COMPANY

BFA Pensions - Pension Funds Management Company, PLC (hereinafter referred to as “BFA Pensions - PFMC, PLC”, or the “Management Company”) was incorporated on the 23rd of November 2022 and has been authorised to operate pension funds by the Angolan Authority of Regulation and Supervision of Insurance and Pension Funds (“ARSEG”) since the 10th of May 2023. In accordance with its articles of association, the Management Company provides services for the incorporation, management, administration and legal representation of Pension Funds and other related and/or ancillary activities, carrying out all of its operations in the national territory (Angola).

The BFA Pensions - PFMC, PLC corporate strategy in 2023, was founded with the aim to offer a corporate service with the highest levels of professional performance and standards to companies and individuals, with the following primary goals: (i) Enhancement of the internal organisation; (ii) Boosting and expanding the business activity; (iii) Implementation of state-of-the-art IT systems and technologies; (iv) Recruiting, attracting and retaining top human capital talent.

For the Management Company, the financial year 2023 (‘FY2023’) was primarily characterised by the roll out of the brand awareness event/campaign, which aimed to disseminate brand awareness and to promote the BFA Pensions - PFMC, PLC to the market, economic players and the national financial sector ecosystem.

The pension fund market in Angola is increasingly demanding, which has led the management company to establish as a competitive positioning and differentiating factor from other competitors in the national pension fund market, the reliance on an experienced team, notwithstanding the prospect of ongoing expert training for its team members, as well as bearing in mind the prospect of capitalising on all the group’s synergies, which will lead to generate an added value proposition aiming to increase BFA Pensions market share.

As a result of the programme to recruit, attract and retain human capital talent, the BFA Pensions - PFMC, PLC headcount chart comprised 13 team members.

With regard to the breakdown of the headcount by gender, it is observed that approximately 62% of the headcount is male, which corresponds to 8 team members out of a total of 13.

As for their academic qualifications, approximately 92% (12) of BFA Pensions - PFMC, PLC team members have higher education qualifications. Among them, 5 (five) hold a bachelor's degree, 7 (seven) hold a postgraduate/specialisation degree and 1 (one) is currently attending university.

BUSINESS ACTIVITY AND PERFORMANCE

During the financial year 2023 ('FY2023'), BFA Pensions - PFMC, PLC did not record any pension fund assets under management, nor did it manage any pension plans. However, throughout 2023, the company carried out business initiatives and other activities related to setting up the company, among which the following stand out:

- Implementation of the company's corporate governance model, which includes regulations and procedures appropriate to its business strategy, aimed at ensuring the sound and prudent management of its business activities;
- The request to transfer the management of the BFA Team Members Pension Fund from Fénix Pensões, S.A. to the BFA Pensions - PFMC, PLC;
- Start of the lead prospecting process for the Closed Funds Offering - setting up, implementation and management of pension funds;
- Structuring of the Open Pension Fund with the brand name of the financial group to which the Management Company belongs, aimed at meeting the needs associated with retirement and education funding;
- Implementation of a risk management system, in accordance with Law n.º 18/22, dated 7th July, the Insurance and Reinsurance Act, which applied in a subsidiary manner, complements the Pension Funds legal framework.

2024 Outlook

The BFA Pensions - PFMC, PLC aims to achieve the following corporate goals during the financial year 2024 ('FY2024'):

- To initiate the effective management of BFA's Pension Fund;
- To implement the Action Plan for sales of closed pension funds with the aim of converting leads into customers;
- To carry out the roll-out of the Open Fund, ensuring its approval by the regulatory body as well as developing marketing, reporting and training initiatives for BFA's retail network.
- To ensure that all Pension Funds stakeholders under the management of the Management Company are well informed, providing them with regular information on the performance of the Funds;
- To ensure the effective and appropriate reporting of mandatory information on a timely manner to the Regulatory Bodies.
- To strengthen the effective implementation of key functions as one of the most critical activities included in the operating model.
- To empower human capital talent by investing heavily in the ongoing training and skills-building of its team members.

Human Capital

Human Capital Strategy

In 2023, BFA celebrated the 30th anniversary of its incorporation, and since its inception, its team members have been the bedrock for achieving its corporate and business goals, thus comprising its most valuable asset.

The Bank continues to pursue a policy of ongoing empowerment, skills-building, promoting a culture of high levels of professional performance and focussing on providing high-quality customer service.

Over the course of the financial year 2023, BFA continued to implement the transformation processes established within the scope of its Corporate Strategic Plan and reinforced its purpose of strengthening an organisational Culture based on BFA's Values, namely:

- Transparency;
- Innovation;
- Proximity.

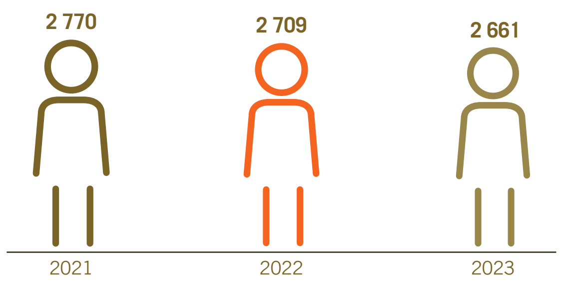
Within the scope of the Transformational Programme across-the-board the entire organisational structure, throughout 2023 another step was taken towards the digitalisation of processes with a strong impact on daily management, with the improvement of the Team Member Portal, in terms of new features, automation and even optimisation of the back-office. In terms of Human Capital Management Software (SAP), new modules were implemented: Employee Central and Employee Central Payroll. On the other hand, were also enhanced the Performance Assessment models and SAP Success Factory Recruitment, implemented since 2022. The aim of the Transformational Programme is to ensure the digitalisation of a single, more effective and stronger Human Capital management system to enhance the team member's daily management experience.

Human Capital Area in 2023

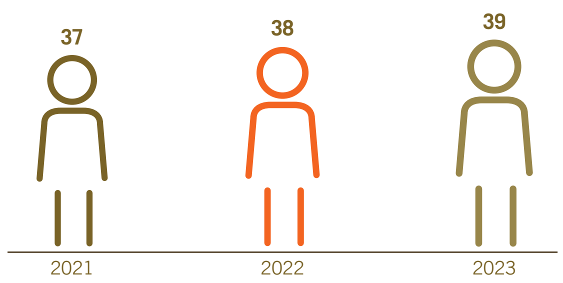
At the end of 2023, the Bank had a headcount chart comprising 2,606 team members. Taking into account the demands of the market, BFA created two more Subsidiaries and reallocated team members to these newly created companies: 23 team members to BFA Capital Markets and 19 team members to BFA Pensions.

Over the course of the year there were 121 departures, most of them were voluntary departures and contract terminations due to non-compliance with BFA's Code of Conduct. The external recruitment continued to be occasional and strategic, resulting in the hiring of 36 new team members.

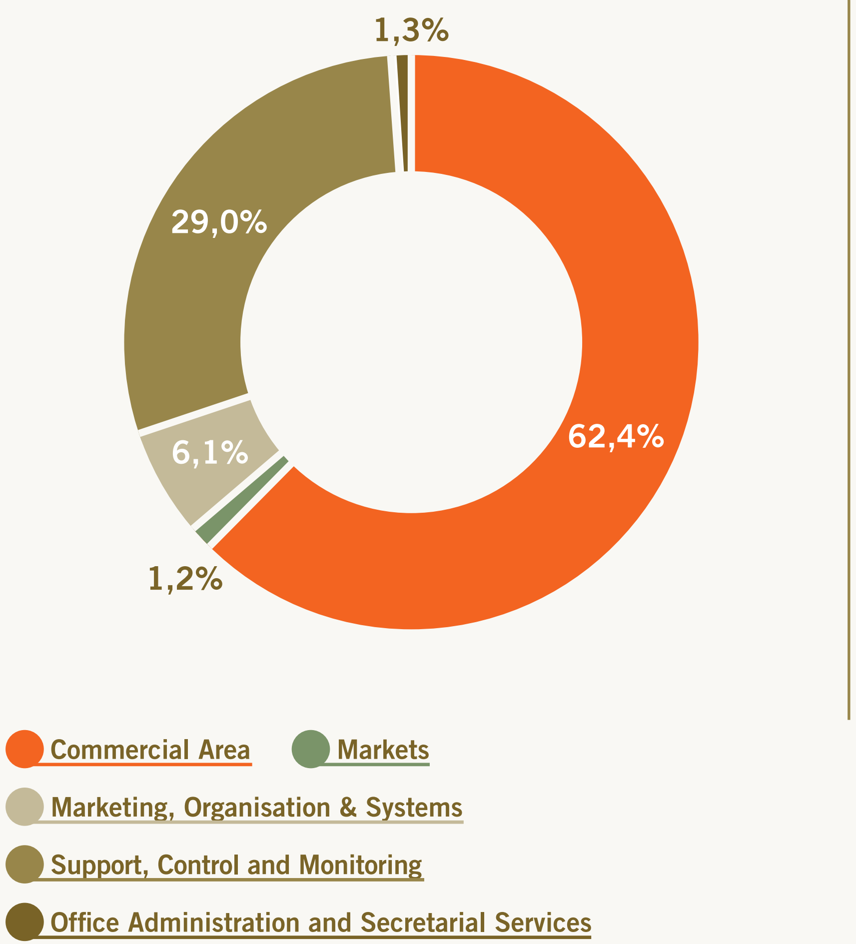
Headcount Development



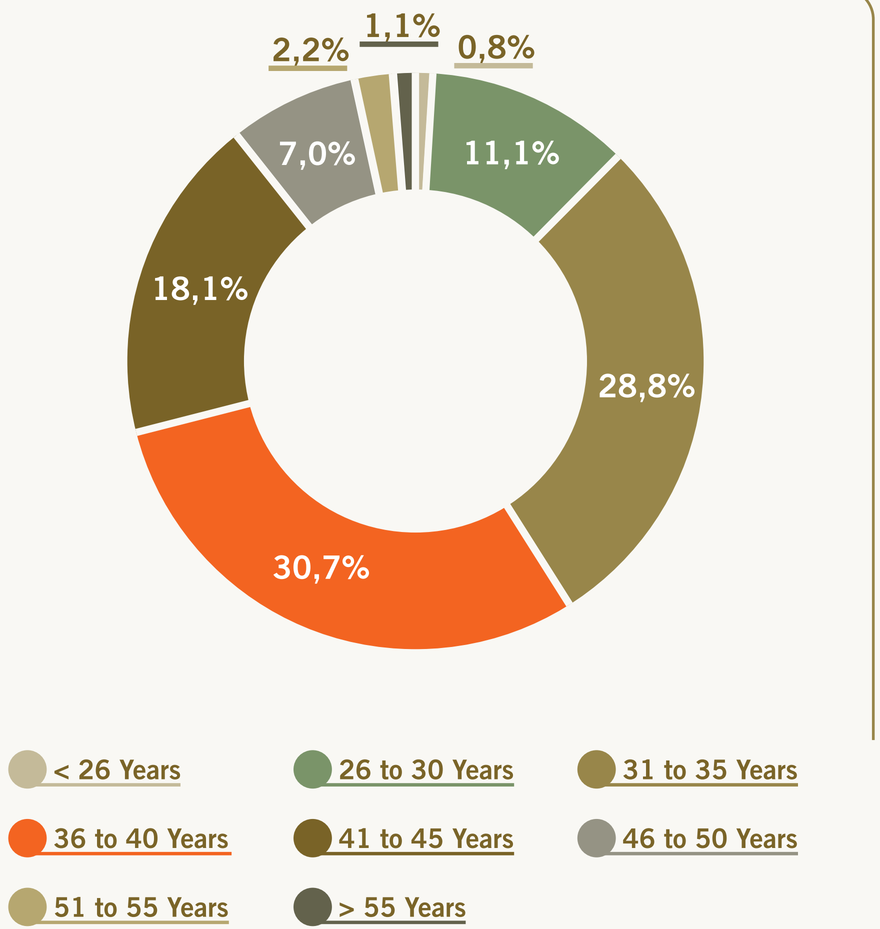
Team Members' Average Age



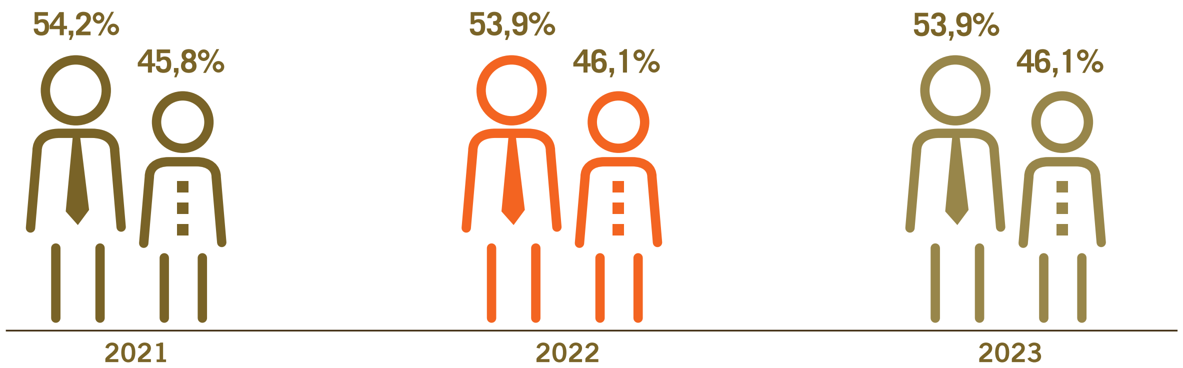
Breakdown of Team Members by Business Area



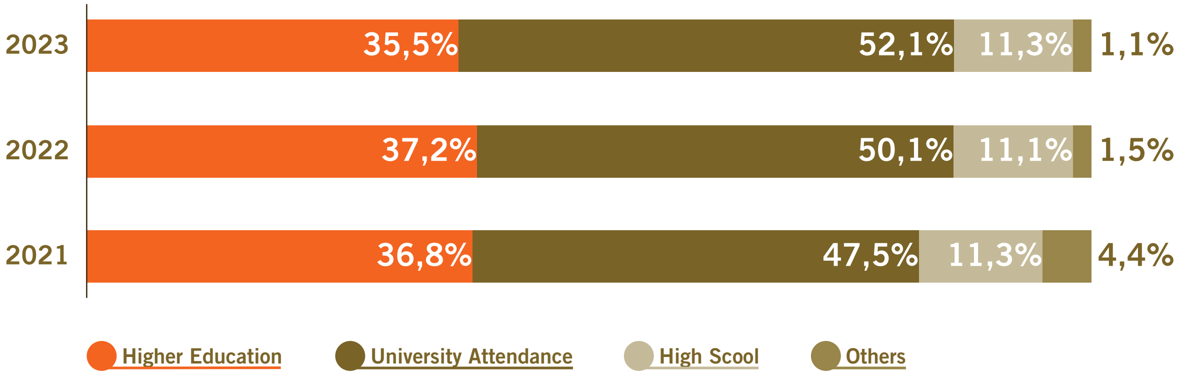
Breakdown of Team Members by Age Group



Breakdown of Team Members by Gender



Breakdown of Team Members by Educational Qualifications



Human Capital Department (HCD) Activity

Over the course of 2023, BFA focussed on pursuing the various initiatives that have been implemented to promote team members' well-being and empowerment, namely through training sessions on the BFA Culture, Assessment for Control Areas, internal career opportunities, mobility, and career advancement.

With a view to consolidate Human Capital Management, were presented to the entire organisational structure the following elements: Career Management Plan, Succession, Functions and Skills Model, among others. This presentation was made in 48 sessions, with an average attendance of 80% of all team members.

Within the scope of BFA Culture, several workshops were held with speakers from the Human Capital Department and in collaboration with the BFA Academy.

These workshops were made available to the entire organisational structure in an online format:

- **The workshops - Tech Days I Moment + Human** – had the primary goal of promoting the internal processes of Human Capital, approached in such a way as to provide support to the team member's daily management journey, thus maintaining a clearer and more transparent reporting. The topics presented were related to Human Capital processes and procedures, platforms for managing these processes and the HCD created the opportunity to have the Team Member, from an Internal Customer standpoint, in attendance during the workshops to share their vision, good practices and testimonies of how to improve the management of these processes that have a significant impact on the Team Member's life cycle.

BFA Podcast

The BFA Podcast premiered in February 2023, consisting of a series of conversations on relevant current topics, with the participation of several team members as guests. This initiative aims to promote a stronger organisational culture based on the exchange of experiences and knowledge in a creative and distinctive way.

Developing structured content in the form of a dialogue/conversation, with the aim of fostering closeness between team members through the exchange of experiences.

Throughout 2023, BFA organised and carried out 8 editions, with key topics such as: Careers for Millennials and Generation Z: BFA Youth Thoughts; New Ways of Leading and/or The Importance of Networking within Organisations.

Health Policy

BFA is committed to the health of its team members and has always supported access to healthcare for them and their families. Throughout 2023, the Health Insurance Scheme was introduced, a benefit that the Bank provides to ensure broader, simpler access, thus putting an end to the old model of medical care and medication based on agreements with Health Clinics.

During the implementation of this health insurance scheme, 32 special information sessions were held, involving the participation of 2,420 team members. The aim is to ensure a smooth transition so that team members benefit from a high-quality and better-informed service.

Occupational Medicine

In compliance with Decree-Law 31/94 dated 05th August - SHST and with the aim of promoting health in the workplace and reducing occupational risks, periodic medical examinations were carried out from July to December 2023, with a success rate of 95%. This exercise highlights the Bank's concern to maintain appropriate and healthy working conditions.

The Bank signed a Consultancy and Training agreement for the implementation of the Prevention of Occupational Accidents Committee (CPAT), as well as education and awareness-raising sessions to promote team members' physical integrity.

"The right people in the right places"

BFA upheld its policy of enhancing and empowering its Team Members through career development opportunities, with the aim of promoting internal mobility and career advancement.

The motto continues to be 'the right people in the right places', with a view to keep team members engaged by promoting their professional empowerment and growth in a wide range of business areas of the organisation, where their professional contribution, expertise and skills are most relevant.

Throughout 2023, a total of 80 internal mobilisations have been successfully completed.

Career Advancement & Appointments

Over the course of 2023, BFA recorded a total of 81 Career Advancements and Appointments to a wide range of positions in the following departments of the Bank.

Compensation Adjustments

The Bank took part in a salary study, in which other financial institutions were also involved and where it became clear BFA's remuneration position in the market. Based on this study, an action plan was drawn up consisting of two phases. In 2023, the Bank carried out the first phase of the action plan, which consisted of a salary adjustment to ensure the competitiveness and financial well-being of its team members.

Benefits

As far as benefits are concerned, BFA team members can count on an automated low-interest loan scheme. Social support for complementary life can be seen in the form of scholarships, where team members can count on BFA's support to complete their degrees. BFA team members can also count on other support such as a funeral subsidy.

Once a year, BFA gives each team member a 'Christmas voucher' to buy presents for their children, aged between 0 and 14 years old.

BFA team members also have a pension fund, with a co-participation scheme, which demonstrates BFA's commitment and care for the team member's future.

As for non-financial benefits, BFA has provided team members with access to partnerships such as gyms, optical outlets, furniture shops, car maintenance centres, among many other benefits and perks.

Team Members' Office

Throughout 2023, the Team Member's Office, an internal call centre service established at the end of 2022 for BFA's Personnel, was strengthened with the aim of centralising personnel attendance and providing clarification on issues raised on a daily basis by its team members.

In the first half of the year, the Team Members' Office answered 9,425 phone calls and replied to a total of 4,514 emails.

In the second half of the year, it received an estimated 14,137 calls and replied to approximately 5,582 e-mails.

The Team Member's Office has become a support structure that enables closer, more transparent and quality communication for the entire organisational structure. The aim is to ensure that team members have their Human Capital issues properly monitored.

BFA Honours

Every year, BFA recognises team members who have worked with BFA for 10, 20, 25 and 30 years. Throughout 2023, 268 team members celebrated 10 years and another 56 celebrated 20 years. Of these, 169 were female and 155 were male. It was gratifying to have 2 team members celebrate 30 years with BFA, a special milestone that will be recognised and honoured in 2023.

2024 Outlook

Over the course of 2024, the Bank will continue to develop a wide range of initiatives to recognise the professional worth of its team members. To this end, it intends to strengthen the key corporate cornerstones, such as Professional Performance, with a review of the Performance Assessment Model and improvement of the tool used for this purpose, as well as performance management based on corporate and business goals, across-the-board of the Bank's entire organisational structure. With regard to the Compensation cornerstone, the aim is to perform a review of the Compensation and Benefits model. As for the Careers cornerstone, the aim is to provide the financial institution with a model that allows its personnel to thrive and grow within the organisation.

With a view towards 2024, the Bank aims to continue promoting a culture of well-being, endeavouring to guarantee psychological and social support for its Team Members. BFA intends to continue focusing and prioritising its digital transformation, because it is a truly lived fulfilling experience when this transformation is accompanied at the human People's level.

BFA ACADEMY

Framework

In a time of ever-expanding global reach, accelerating growth, and transformative change, in which the world undergoes different changes in multiple areas at the same time, it is an ongoing educational challenge to train and empower BFA's Team Members. This is a long-term challenge that BFA's Academy, in an ongoing and systemic collaboration with all its stakeholders, has sought to address with tailored training courses that meet different demands, taking into account technical, behavioural, socio-emotional and sustainability dimensions.

An ever-higher level of proficiency when it comes to our Team Members' performance is regarded as a critical point of importance if the Bank wants to provide a best-in-class service to its customer base. Accordingly, BFA's aim is to enhance and offer learning opportunities, experiences, methodologies, and initial, ongoing and expert training formats that will help to enhance the quality of the organisation's services and ensure that we continue to be an efficient, innovative and customer-oriented financial institution.

Business Activity in 2023

The multiannual 2022/2023 "***B****right* ***F****or* ***A****ll*" Training Plan sought to address the following issues:

- Human capital Empowerment Policies, in terms of socio-emotional, behavioural, technical, innovation and technological and digital modernisation, where we would highlight:
  - "To The Top" –Intrapersonal and interpersonal skills-building programme;
  - "Thank You for Overcoming Yourself" - Hybrid event for all Team Members;
  - Corporate Programmes - Microsoft Office, Go Fluent (English for All); Champions BFA Service Now (internal and systemic collaborative project);
  - Expertise, Talent and Succession Programmes - Advanced Executive Programmes, Executive Masters and Postgraduate Courses, with CLBS/Porto Catholic School, Nova Business School;
  - Bancassurance Programmes;
  - Empowerment training programme for new challenges: Subscription of Sonangol's Public Bond Offering and the BFA Bank Representatives Network.
- The reskilling and upskilling needs of team members who have taken on new internal challenges, in accordance with the established strategy.
- The banking sector's legislation and regulations, and national and international best corporate practices in the areas of data security and governance:
  - Banking Internal Control Programme, in partnership with Católica Lisbon Business & Economics school.
  - Cycle of Risk and Compliance Webinars, in collaboration with DGR and DC.
  - Compliance and Prevention Programme on Anti-Money Laundering, Counter Terrorist Financing and the Proliferation of Weapons of Mass Destruction, in partnership with Deloitte.
  - Information Security, in collaboration with DSI - workshops, e-Learnings and game-based learning (Crypto).
- Awareness-raising and training on the different aspects of sustainability:
  - Sustainability Journeys: training sessions on the Sustainable Development Goals (SDGs), in alignment with the Bank's ESG Programme.
  - WellBeing Manager Certification.

With the support of the BFA Academy, we provide all our Personnel with access to a wide range of learning and empowerment opportunities. Hence, we endeavour to provide the right working conditions to enable Team Members to apply their knowledge within the scope of their professional role within the workplace, as well as to support them to become facilitators for their Colleagues and Teams.

Training Sessions Held

Over the course of 2023, a total of 205 training courses were provided, which represents an increase of more than 10,000 training hours YoY, equal to a positive change of approximately 52% as well as an increase of 8.94% in the number of participants enrolled YoY.

Variables	2022	2023	Δ% 22-23
No. of Courses	98	205	109,2%
Total Hours	107 001	117 507	9,8%

As far as technical skills are concerned, we can see that the functional groups with the highest representativeness were Management and Technical (with 10.9% and 19.7% respectively). On the other hand, the functional groups with the lowest representativeness were the Board of Directors (BoD) and Executive Management (with 0.03% and 5.6% respectively).

With respect to cross-cutting behavioural skills and technical skills-building, the functional groups with the highest representativeness were Support (7.2%) and Technical (7.7%). Accordingly, the groups with the lowest representativeness were the Board of Directors (BoD) and Executive Management.

Over the course of 2023, the groups with the highest representativeness in terms of specific behavioural skills were the Support and Technical groups, both with a 10% share. On the other hand, the groups with the lowest representativeness in this area were the Board of Directors and Executive Management, with 0.1% and 4.4%, respectively.

Of the total 117,507 hours of training given during 2023, a total of 33,316 hours were related to specific behavioural skills training, 23,739 hours to cross-cutting behavioural skills and 60,120 hours related to technical skills, which represents an investment of 71.57% in behavioural training and 28.43% in technical training.

Overall, out of a total of 2,610 Team Members, only 2,577 of them were eligible for training, representing an average of approximately 45 hours of training per Team Member.

As far as cross-cutting skills are concerned, we would highlight training related to customer orientation, teamwork and communication. With regard to specific behavioural skills, we would highlight training in leadership, strategy and innovation.

Concerning technical skills, which, combined with behavioural skills, help to improve, prepare and develop Team Members for the challenges of the digital transformation and all the changes associated with it, with all the corresponding structural changes that this Digital Transformation entails, enabling the Bank to be prepared for the current and future market. Accordingly, BFA organised a wide range of training programmes for all Team Members, including courses in Excel (basic, intermediate and advanced), Word, PowerPoint, Outlook and Microsoft Office Teams, as well as an English language course.

In view of the current market challenges, as well as of the legislation and regulations that have been introduced by the Regulatory Body and other supervisory entities, particularly with regard to Risk and Compliance rules, BFA decided to make an investment in training programmes geared towards the topics of Anti-Money Laundering and Counter Terrorist Financing (AML/CFT), Risk and Financial/ Accounting subject matters.

It is also worth to highlight the training sessions related to Information Security and Sustainability, the workshops on the strategic plan (‘MIRAI Coffee’) and Intra and Interpersonal Empowerment (‘To The Top Programme’) and the Internal Facilitators Programme (‘Champions Programme’).

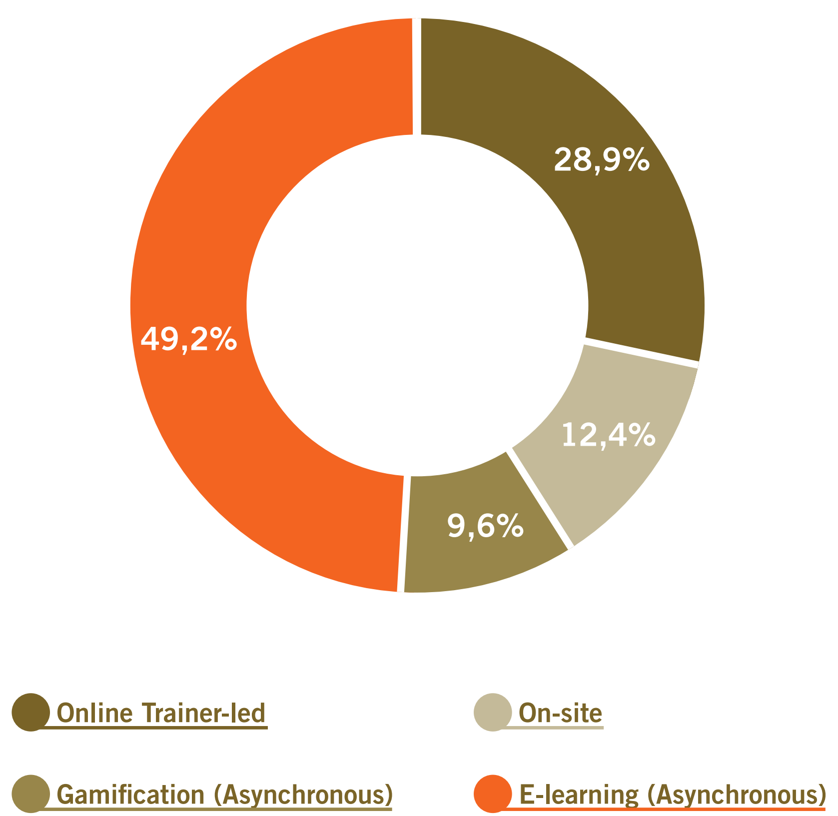
Methodology

Of the time invested in training, around 41% of the courses were taught synchronously (online and face-to-face), in order to establish greater interaction between Trainer and Trainee and streamline the process of acquiring and developing behavioural and technical skills.

The remaining 59% of the courses were made available asynchronously, through e-learning and gamification (game-based learning), using customised and appealing content, and mainly covering behavioural skills.

In view of BFA's acknowledgment and understanding of the importance of having Team Members as in-house trainers, a Pool of Trainers was established and a behavioural and technical training programme was developed so that, in the foreseeable future, each Team Member will also be a trainer, for themselves (self-learning), for their colleagues and for the Society, on the subject matters of financial and digital literacy.

Breakdown of Personnel Attendance by Training Method



Innovation & Technology

The year 2023 was shaped by the completion of the business strategy implementation outlined for the three-year period (2021-2023. Within this scope, the primary corporate goal for 2023, was to establish a redundant and highly enduring IT and technological infrastructure capable of sustaining future innovation initiatives and activities. In order to achieve this corporate goal, a wide range of projects and initiatives were identified and implemented. Firstly, significant investments were made in modernising the current IT and technological infrastructure, including upgrading servers, data storage and telecommunications. These upgrades were designed to increase the capacity and reliability of the IT systems to ensure ongoing business activities and operations, even in the event of a critical system failure or infrastructure network outage.

The execution strategy for this plan is underpinned by four strands of action:

1. **Technology** – Offering state-of-the-art technology and products;
2. **Personnel** – Recruit the best talent and expertise;
3. **Customer-Centric** – To turn every customer into an enthusiast;
4. **Cost-Cutting** – To grow rapidly and healthily;

The scope of the modernisation and digitalisation process underway encompasses not only the technological component, but also the organisational and human components that support the Bank's business activities and operations, which will help to drive a more sustainable, agile and customer--centric BFA, that is effectively well-equipped and well-prepared for the upcoming future.

The year 2023 witnessed the completion of the initiatives outlined in BFA's three-year strategic plan (21-23), which enabled significant leaps to be made in the areas of mobility, resilience and redundancy.

BFA's initiatives were based on the architecture of solutions using on-premise models and on triggering disruption through the adoption of cloud-based technology. There were several projects that boosted this transition and contributed to the increase of BFA's teams' performance levels.

The Microsoft solutions suite upgrade and standardisation, namely M365 E5, and the reinforcement of human capital management solutions, such as SAP Success Factors, have taken the sophistication of the technological solutions to a new level.

There was also significant investment in cybersecurity projects, which enabled the Bank to innovate in a secure manner. New firewalls were implemented, new technological solutions were also adopted that permanently monitor the IT infrastructure, with the introduction of Artificial Intelligence in this area, along with performing intrusion tests and boosting Team Members' empowerment training activities.

Another area where levels of sophistication have been consolidated relates to the increase in the resilience and redundancy of the Bank's entire IT systems infrastructure, with the completion of another stage in the replication of the Data Processing Centers (DPCs). This technological transformation has had a strong impact on the way the financial institution relates to its stakeholders.

With respect to relationships with stakeholders in the BFA ecosystem, we would highlight the development of the new BFA APP, which is built on new software development paradigms, namely Outsystems.

During 2023, additional solutions were developed that allowed for an enhancement in customer service levels, in accordance with BFA's strategic plan.

From the viewpoint of attaining major achievements, it's worth highlighting the following elements by business operational area:

Human Capital	Empowering teams with new skills to meet the technological challenges of the current time; Adoption of new working and collaboration models (body shop); Workshops on DELL systems; Workshops on IASP technology; Retention of internal knowledge when implementing data centres; Experience of technological disaster scenarios retained during testing/migration of solutions; Disseminated knowledge of DR procedures to core business teams.
IT Infrastructure	Technological Refresh • Reinforcement of intra-data centre redundancy; • Implementation of inter-data centre redundancy; • Parameterisation of data replication mechanisms between data centres in terms of core banking and distributed systems; • Implementation of state-of-the-art equipment for the core, distributed systems, telecommunications and security; • Bank's technological infrastructure Inventory; Replacement of IPs for hostnames in application methods; Definition and standardisation of nominal rules for technological infrastructure components.
Technological Platforms	Integration of Intune with SCCM - System Centre Configuration Manager; SWIFT upgrade; Implementation of monitoring tools: • Zabbix • Solarwinds • Ukuma Uptime Provision of OneDrive (personal) & Sharepoint Online (teams).
Tooling	Collaborative Tools: • Implementation of Microsoft Teams underway; • Installation of 7/10 certified VCs for MS Teams underway.
Organisational Capacity Building	Certification training for IT Team Members at the level of the ITIL 4.0 International Standard in order to guarantee the adoption of the best corporate practices in the ITSM process.
Software Architecture	Start of the integration layer framework review.
Data Architecture	Implementation of the technological infrastructure and tools; Implementation of the single data source and execution of operational procedures workflows.
SAP Success Factor	Migration of the Team Member Centre. Migration of the payroll centre to the Success Factor Data Quality Assurance Unit.

Security	Information Protection: AIP (Azure Information Protection) and DLP (Data Loss Prevention); Access Control: Implementation of Private Identity Management (PIM); 4 Information Security e-learning training modules • Introduction to Information Security; • Gamification-Crypto; • Security Use of Computer Equipment and Resources; • Information Classification & Privacy and Data Protection. Workshops on: • Good Information Security Practices; • Information classification; • Information security in project management; • Information security for bank representatives; • Information Security Onboarding Sessions. Consolidation of security events monitoring: • Technology preparation; • Source preparation; • Definition of the governance model; • Streamlining and fine tuning of use cases; • Start of the security operations centre project. Start of initiatives to address the findings identified in the ISO 27001 Gap Analysis; Definition of access parameters for core solutions; Carrying out information security risk analysis on critical assets.
Compliance and Audit	Implementation of the KWIK system; Implementation of the bank account centre; General IT controls Audit; Management Information Audit; SWIFT Audit; External Audit - RGCN.

Most Impactful Initiatives

1. Technological Refresh

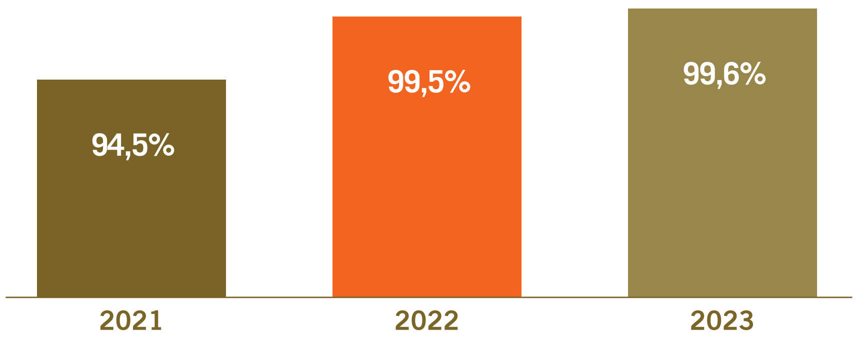
The Technological Refresh is a corporate initiative that consists of implementing and developing two Datacentres from scratch and their corresponding telecommunications and security infrastructures. The technological basis of this IT infrastructure is based on two datacentres, Primary Site (ITA) and Secondary Site (EMIS), with different levels of redundancy.

Key Achievements:

- Migration of core business solutions to the Paratus data center;
- Increased levels of redundancy and availability of technological services;
- Implementation of load balancing methods;
- Disaster recovery mechanisms and procedures;
- Retention of in-house knowledge on ‘state of the art’ technologies;
- Upgraded and scalable IT Infrastructure.
- A key foundation for the digital transformation process.

The following chart shows the comparison and development of real-time performance over the last 4 years. Real-time performance corresponds to the percentage of transactions successfully completed and processed by the Bank in real time, in less than 5 seconds.

Development of Availability Capacity Boosted by the Technological Refresh



2. Architecture "eMudar"

The 'eMudar' architecture is the operational platform used by the Bank to carry out day-to-day activities, enabling it to make various services and products available to our customer base.

With the aim of enhancing the platform's soundness and providing the financial institution - in particular the Information Systems Department - with better conditions for managing the platform, as well as reducing operating costs, a set of actions have been identified that will enable the Bank to achieve a wide range of corporate goals.

Primary goals:

- AIX to Redhat migration;
- Carry out the eMudar technological upgrade:
  - o Replacing Applets with Websockets;
  - o IBM BPM upgrade;
  - o Component replacement (IBM BPM, IBM Db2, IBM FileNet, IBM Websphere);
- "eMudar" Internal Training:
  - o "eMudar" Academy;
  - o Development environment.
- Test automation.

Key Achievements:

- Migration of infrastructure to distributed architecture;
- Upgrade IBM BPM to IBM BAW;
- Reduction of "eMudar" annual operating cost by around 270 thousand euros;
- Integration of 2 BFA members in the solution development team;
- Integration of 2 BFA members in the 2nd line support team;
- Performance improvements of approximately 70%.
- Team Training in CloudAzure.

3. Information Security

In 2023, Information Security was one of BFA's major concerns. This is a highly important subject matter, since it is a well-established line of defense that protects the Bank's data from a wide range of external threats. Investment in its development supports risk mitigation, which ensures the Bank's structural integrity, making it possible to operate properly and efficiently and provide a higher quality of service to its customer base.

Key Achievements:

- Managing intrusion testing services:
  - o Testing the Bank's various applications, including digital channels, internal and external networks, SWIFT and critical solutions;
  - o Social Engineering Campaigns - phishing campaigns, actions in which elements from outside the Bank enter the building, spread pen drivers and monitor whether the pen drive is placed in any of the Bank's devices. This exercise has led to the establishment of awareness-raising actions and workshops to ensure that the Bank is not exposed to external attacks.
- Analysis of risk scenarios on critical assets;
- Mitigation of 50+ vulnerabilities;
- Installation and configuration of Checkpoint firewalls;
- Installation and configuration of Impervas;
- Approval and publication of regulations and standards;
- Review of regulations and policies to adjust to new threats and realities;
- Drawing up the incident response plan and the cyber-attack plan;
- Information security training and awareness-raising actions;
- Compliance with Notice 8/2020;
- Preparation of the Access Parameters Framework for core solutions;
- Pro-active actions to protect the BFA brand on internet resources.

4. New Governance and Collaboration Models and Implementation Tools:

Lastly, it's worth highlighting the adoption of new governance and collaboration models and the implementation of tools to support them, namely:

- Management and working models based on ITIL Methodologies and AGILE Frameworks;
- Adoption of collaboration, body shopping and outsourcing models with technology partners;
- Provision of datamarts to the Risk department for greater autonomy.
- Provision of datamarts to the Marketing department for greater autonomy.
- Provision of datamarts to the Internal Audit department for greater autonomy in investigations.
- Start of the review of the integration layer framework, which will allow for greater agility and efficiency in making services available.

2024 Outlook

BFA's Vision for 2024 can only be fulfilled through the alignment and mobilisation of all Team Members in the Information Systems Department towards the priorities outlined in the strategic plan and the strengthening of internal and external collaboration, making better use of synergies for the benefit of the Bank's overall performance.

In 2024, BFA aims to be:

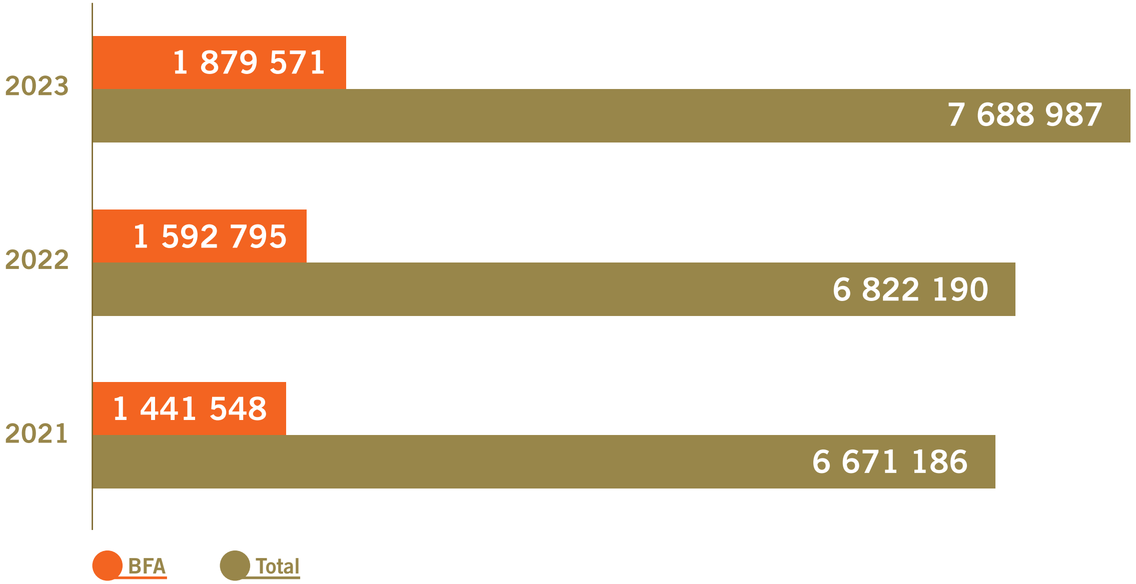
- A benchmark organisation to work for - where Information Systems make an effective contribution to promoting efficiency and productivity, support the adoption of new working models, introduce automation and collaboration mechanisms and contribute to disruption through co-responsibility;
- A benchmark organisation to work for - through the implementation of an IT governance model that enables greater efficiency in addressing the need for innovation, as well as an appropriate portfolio management.
- An institution more committed to information security through standard means of monitoring and events processing with the implementation of a security operations centre;
- An innovative organisation, adopting technological solutions based on Artificial Intelligence to streamline processes;
- To expand the offer of digital services with advanced and modern capabilities.

Payment Systems

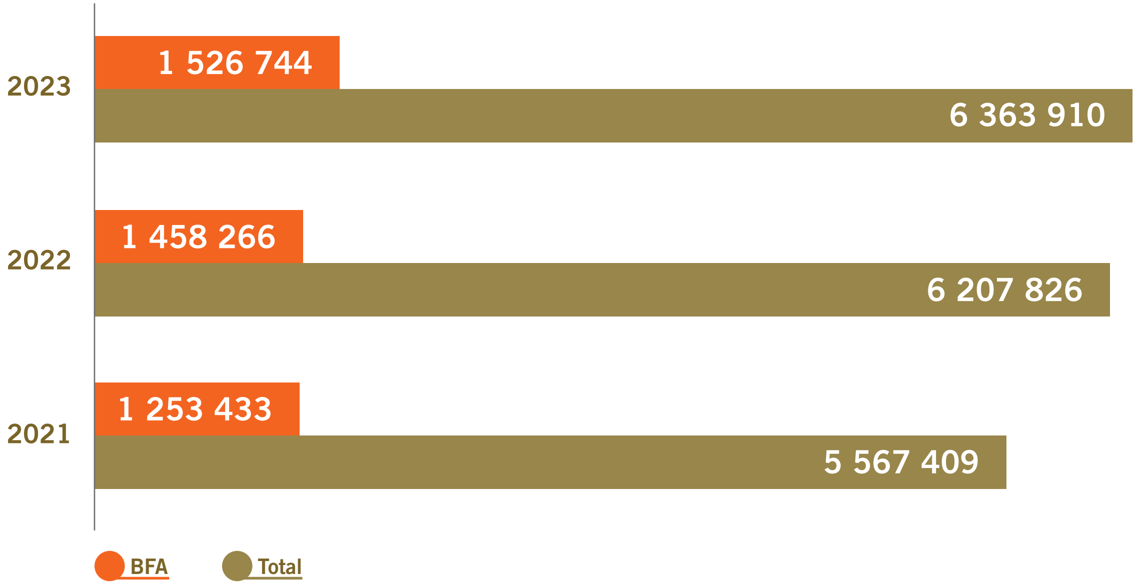
Debit Cards

In 2023, the total number of valid debit cards (active and inactive) totalled 1,879,571, up +18.0% YoY. BFA consolidated its position as market leader with a 24.4% share, up by +1.1 p.p. YoY.

Number of Valid Debit Cards

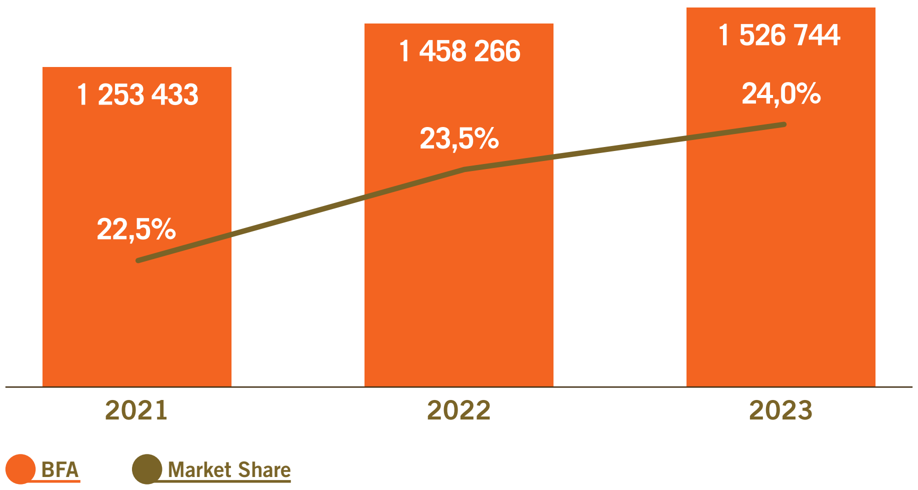


Number of Active Debit Cards



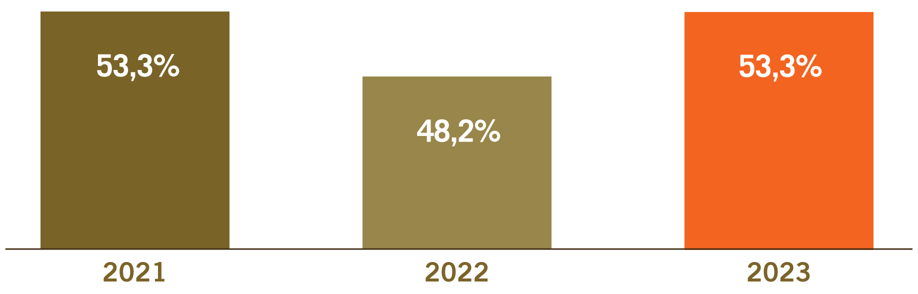
The total number of BFA's Active Debit Cards stood at 1,253,433 by year-end, which corresponds to a growth of +4.7%, well higher than the market's growth (2.5%). Hence, BFA strengthened its leading position by reaching a 24.0% market share, as opposed to the 23.5% share recorded in 2022.

Evolução do Número de Cartões de Débito Activos do BFA



Over the course of FY2023, the debit cards penetration rate stood at 53.3%, as opposed to the share of 48.2% recorded in FY2022.

Debit Cards Penetration Rate



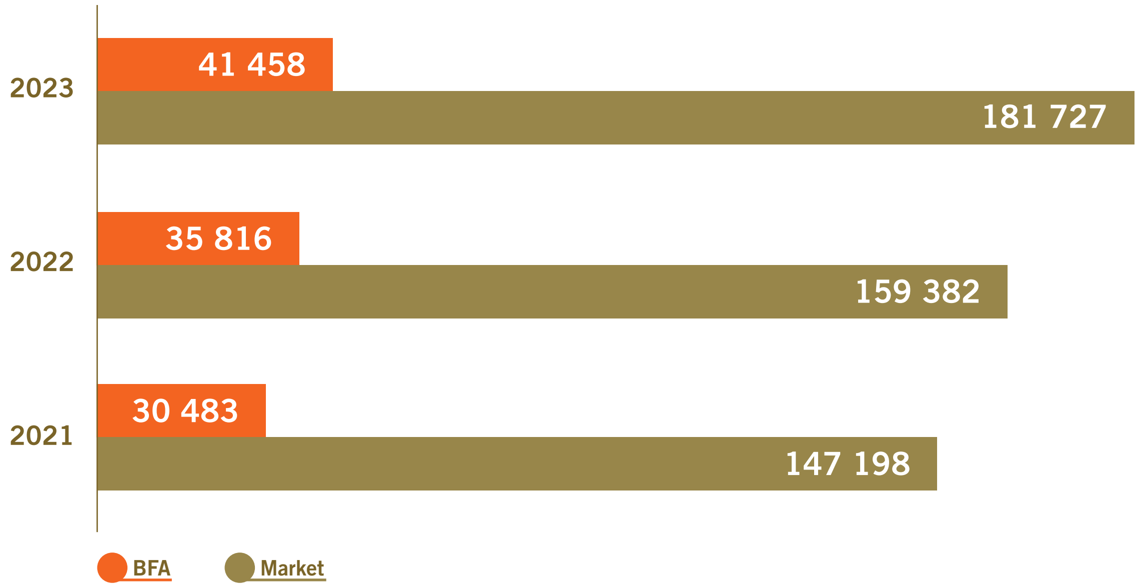
It is worth highlighting that by the end of 2023, BFA already had approximately 44.5% of its banking cards with EMV technology.

ATMs and POSs Network

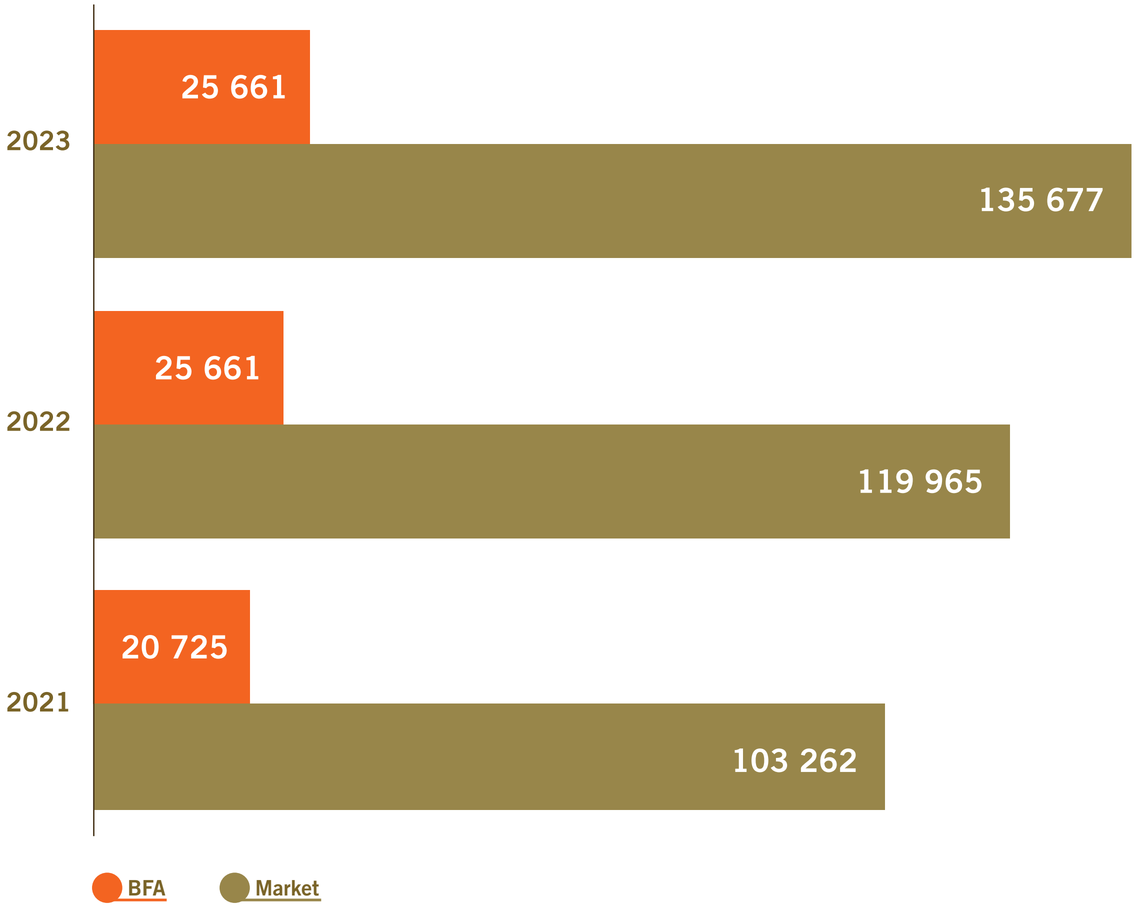
In 2023, Angola's POSs terminals network rose by +14.0% YoY, amounting to 181,727 POSs installed by year-end, of which 74.7% were active.

As a result of the commercial effort made in 2023, the total number of BFA POS terminals grew by +15.8% YoY, experiencing also an increase in the number of active POS terminals of 70.3% YoY. With these results, BFA's market share increased from 21.4% in 2022 to 21.5% in 2023.

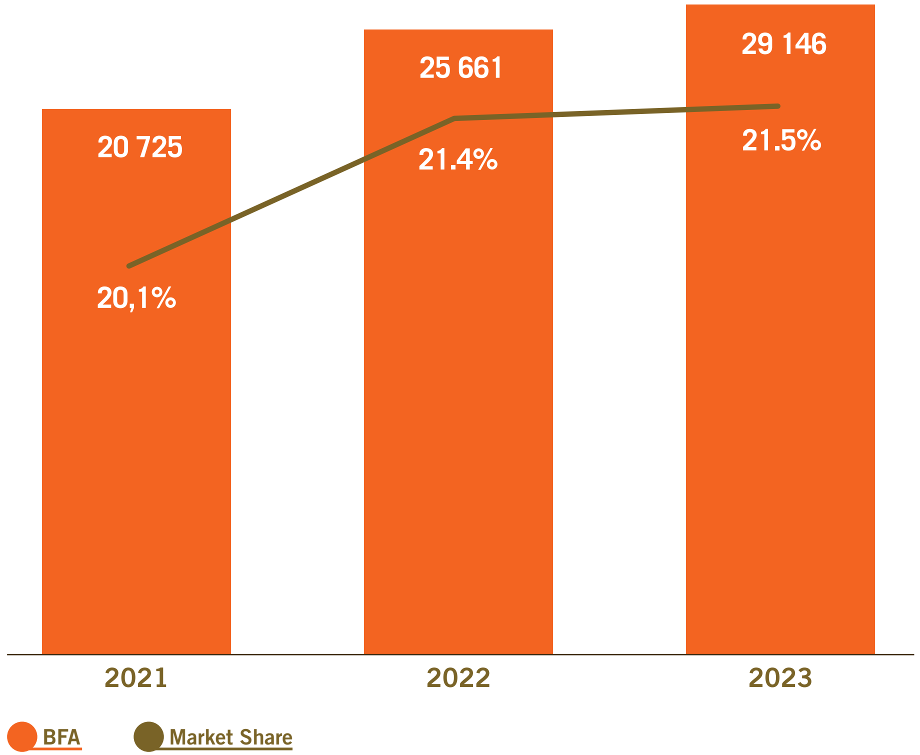
Number of Registered POS Terminals



Number of Active POS Terminals



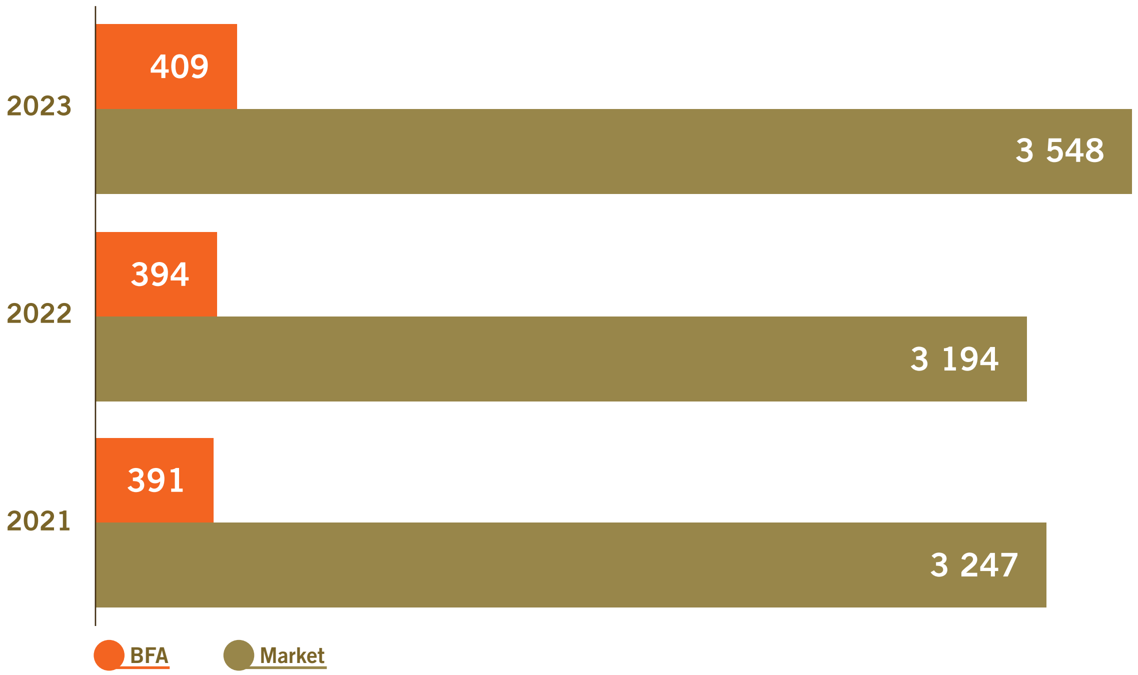
Development of the N.º of BFA's Active POSs Terminals



In 2023, BFA recorded a growth in the number of its registered ATMs network units, with a focus on improving the provision of services to BFA customer base and to the general public. Hence, BFA launched and implemented the banking service points project called "Orange Space", which consists of providing ATMs service points in local municipalities with less ATMs coverage.

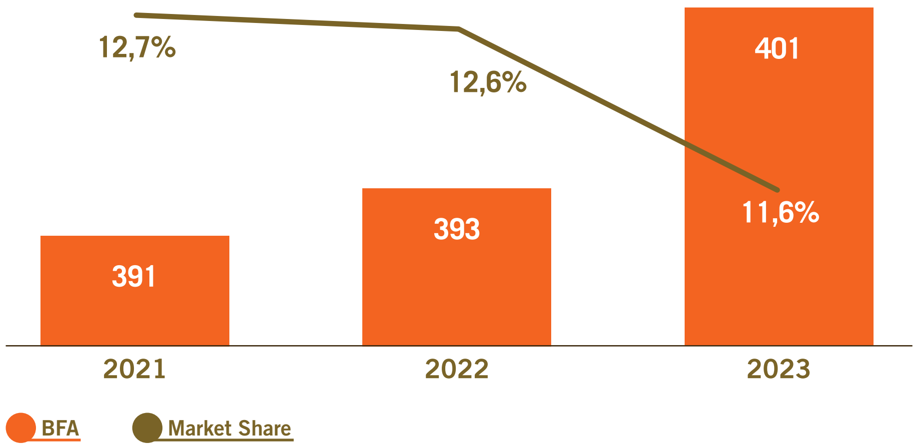
In 2023, the total number of active ATMs on the market grew by 10.9%, a higher growth rate than that experienced by BFA (+2.0% YoY). During the same year, BFA's market share of active ATMs stood at 11.6%.

Number of Registered ATMs



Number of Active ATMs

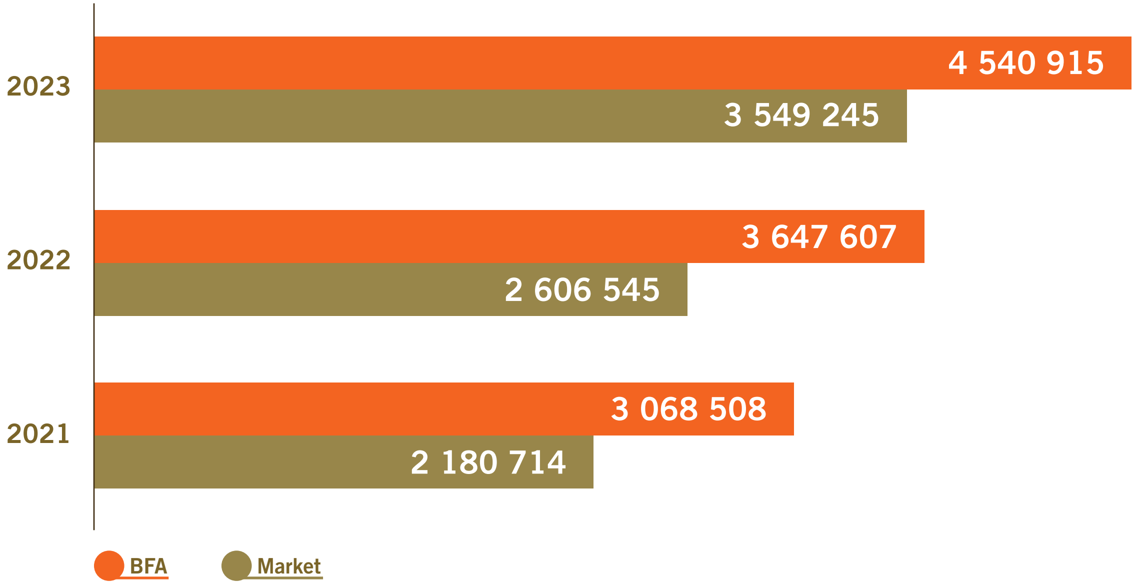
Development of the Number of BFA's Active ATMs



As far as ATMs cash withdrawals are concerned, the market totalled AOA 3.793 billion, up by +14% YoY. BFA reached AOA 601 billion withdrawn from its ATMs network (up by +6.6% YoY).

In accordance with the increase recorded in ATMs cash withdrawals, the average daily amount also grew, partly explained by the seasonal effect of withdrawals, which is characterised by transactional extremes of peaks and downward trends.

Average Daily Amount Withdrawn from ATMs



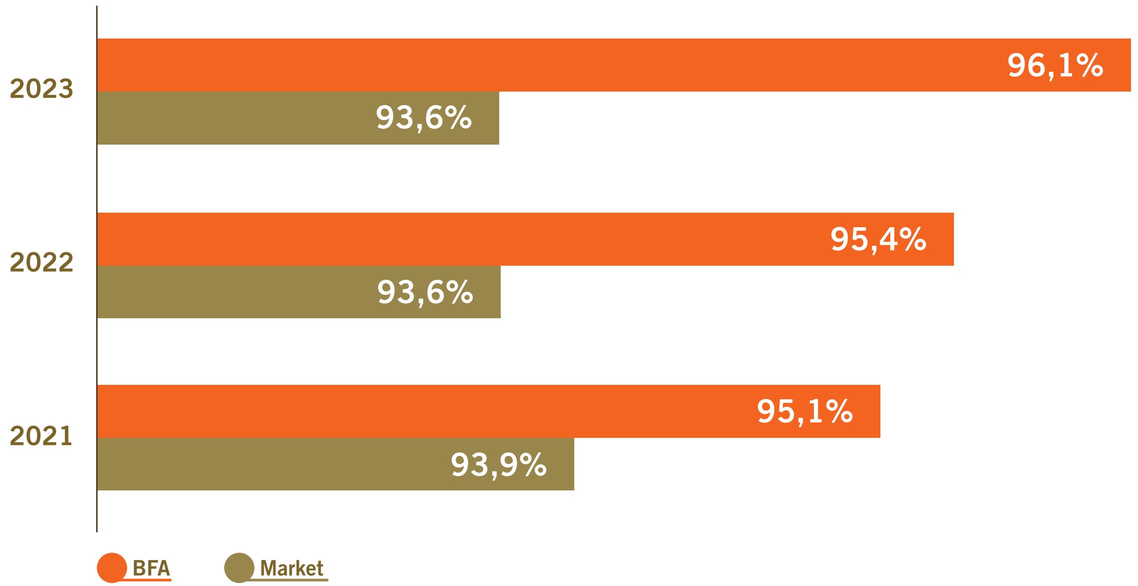
The average Operating Rate (Portuguese acronym: ‘TOR’) of BFA’s ATM units in 2023 stood at 96.1%, up by 0.7 percentage points YoY. The average Operating Rate for the market stood at 93.6% during 2023, the same as the one recorded in the previous year.

Note: The Operating Rate is a measure of the ATM’s degree of usage and is calculated as follows: Operating Rate = 1- ((No. of non-operational days) / (No. of days per month)). An ATM is therefore considered non-operational when it does not record any transactions during the month.

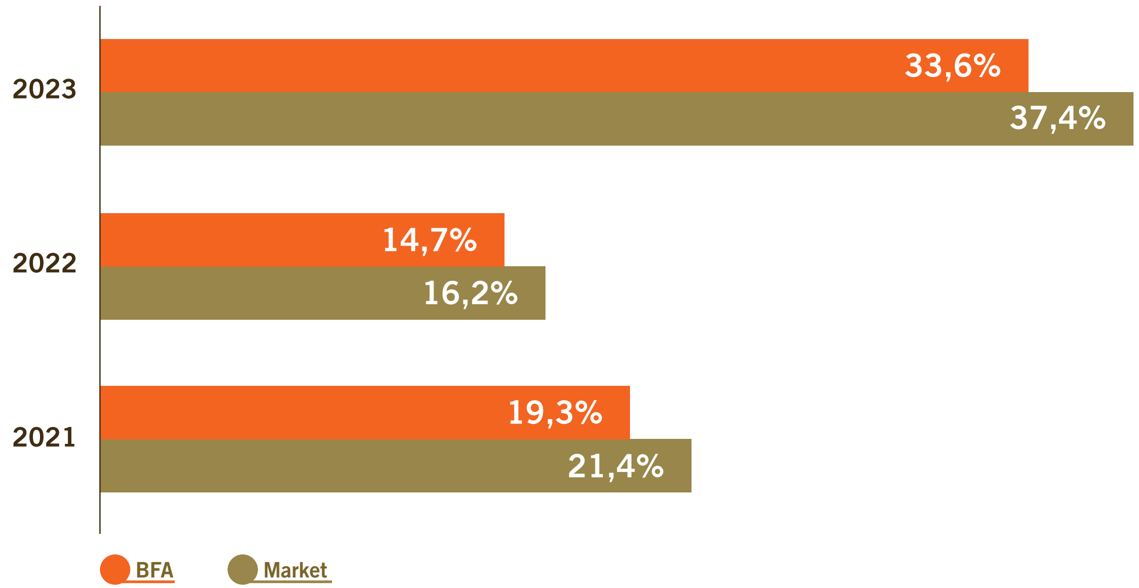
Down-Time Remarks:

Over the course of 2023, the percentage of down-time due to lack of banknotes on the market was 37.4%, a sharp improvement in comparison to the 16.2% recorded in 2022. BFA retained its above-market performance, recording a lower-than-average figure (33.6%), which also represents a noticeable improvement against the 14.7% recorded in 2022.

Average Daily Amount Withdrawn from ATMs



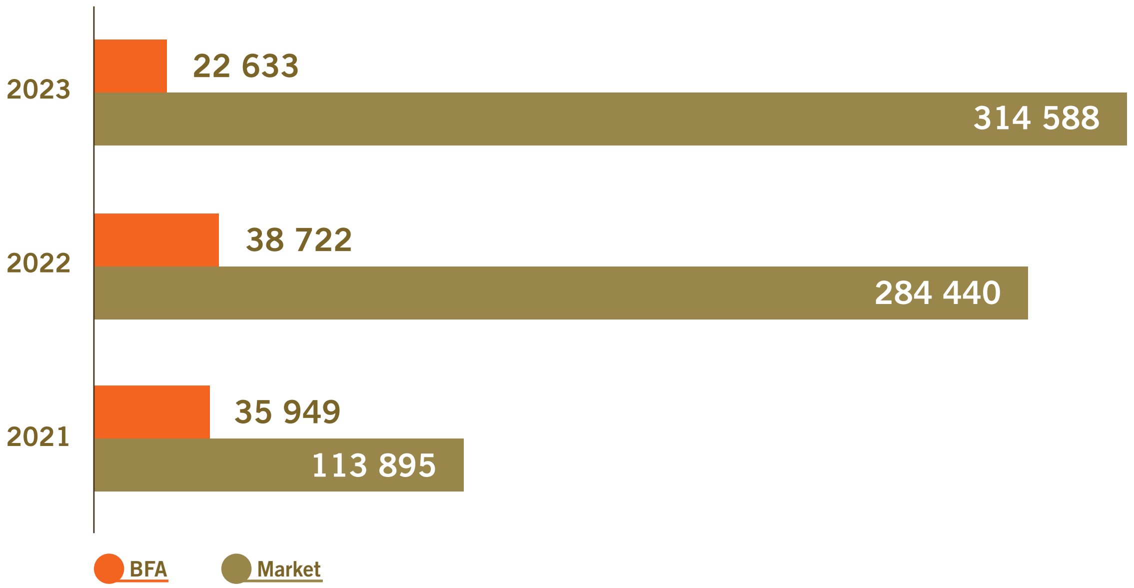
Average Down-time Due to a Lack of Banknotes (ATMs)



International Payment Systems Cards (IPS)

During 2023, the number of valid BFA SPI Cards (VISA Credit and Prepaid Cards) fell by 41.6% YoY, standing at 22,633 valid cards registered at year-end.

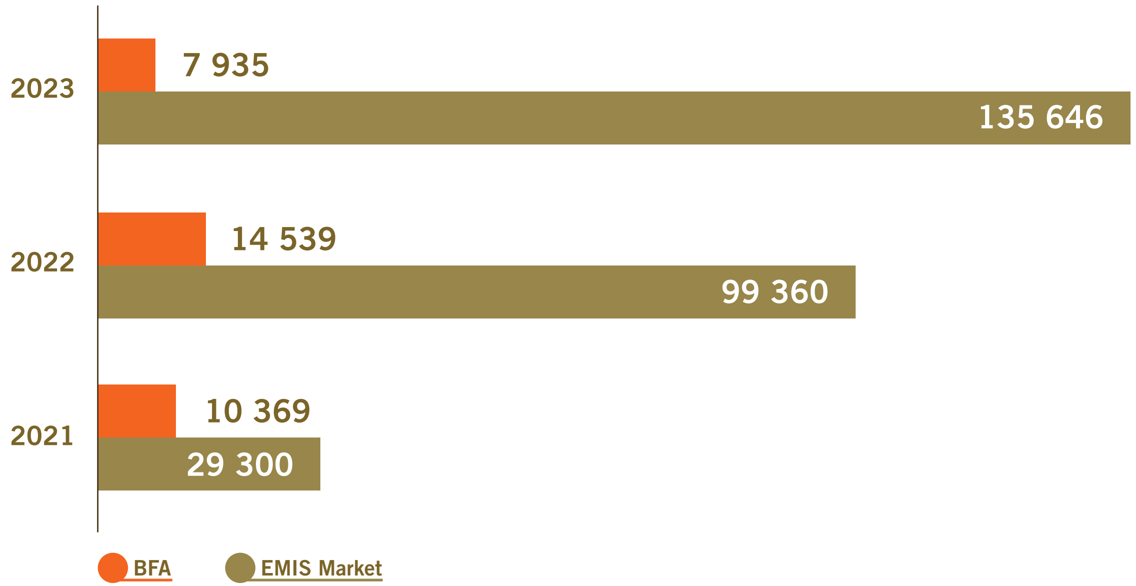
Number of Valid SPI Cards



Regarding Active Cards, the number of BFA SPI Cards stood at 7,935, representing a market share of 5.9% of the Active SPI Cards managed by EMIS.

The total market for active SPI Cards managed by EMIS increased by 36.5%, reaching 135,646 active cards at the end of 2023.

Number of Active SPI Cards



H2H Payments

The H2H system is an EMIS subsystem that allows a commercial bank's host to be connected to the main EMIS host. The aim of the system is to enable commercial banks to make the payment features and functions found in the Multicaixa system available on their channels.

As far as average daily amounts traded through this channel are concerned, BFA achieved a share of 20.6%, despite experiencing a decline of 4.8% YoY.

HBMB Payment (Multicaixa Express)

Multicaixa Express works as an interbank channel for payments, withdrawals and wire transfers, provided by EMIS, which aims to be the driving force behind the massification of banking transactions in Angola.

BFA is the universal bank with the highest number of banking cards associated with Multicaixa Express, having reached 449,965 sign-ups (28.6% market share) at the end of 2022, a growth of +54.4% YoY, equal to +2.7% higher than the market growth (57.2%).

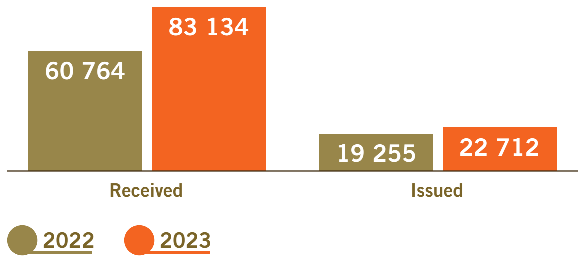
Both the average daily number of transactions and the average daily amounts transacted with BFA banking cards in FY2023, recorded a sharp growth of +78.2% concerning the average number of transactions and +68.3% regarding the average amount transacted. BFA holds a market share of 32.0% and 24.5% in this type of transactions (in terms of number of transactions and transactions amount, respectively).

Interbank Transfers

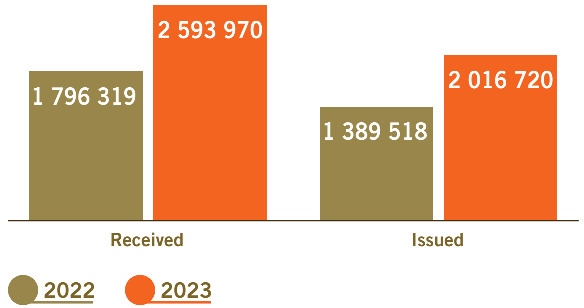
As for transfers processed through the Credit Transfer Subsystem (CTS), both the number of operations and the amounts processed recorded a sharp downturn in 2023.

The service's growth was mainly driven by the processing of public service payroll operations. These were requested by MINFIN and processed via the CTS. The CTS-Emitted service experienced an increase in the number of transactions of approximately 23.76% (totalling 287,301 transactions). This factor positively influenced the amount traded by 24.70% (amounting to AOA 271 896.10 million). As for the service (CTS-Received), BFA recorded an increase in the number of transactions by 5.92% (totalling 222,335 transactions), as well as an increase in the amount traded by 14.47% (amounting to AOA 213,744.61 million).

SPTR - Number of Transactions

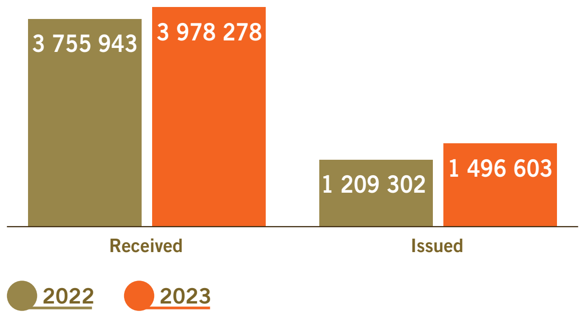


SPTR - Transactions Turnover (MAOA)

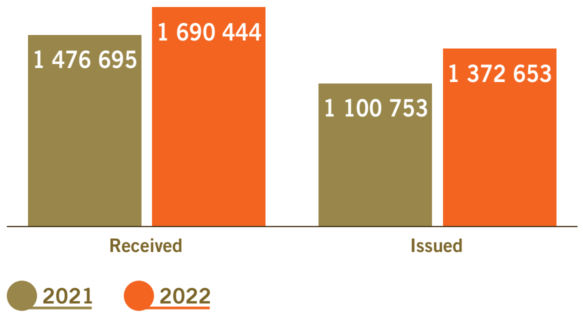


As far as transfers processed through the Credit Transfer Subsystem (CTS) are concerned, both the number of operations and the amounts processed recorded substantial increases in 2023, exceeding 40%, apart from the number of orders issued, which grew by 45% YoY.

CTS - Number of Transactions (MAOA)



CTS - Transactions Turnover (MAOA)



BFA's Digital Agenda

The year of 2023 was shaped by a substantial increase in the use of the social networks where the Bank is very active and has positioned itself as a leading market player, reflecting the sharp growth in BFA's customer engagement metrics. In addition, BFA experienced an increase in the number of visits to its institutional website and page views, year-on-year.

BFA's Institutional Website

In 2023, BFA's institutional website recorded a very positive year in terms of page visitors and customer engagement metrics, both of which provide a clear indication about the underlying web traffic quality.

In terms of traffic sources, organic search continues to be the main source of visits to the BFA official website, which rose by 13.1%. Only display campaigns have decreased the number of visits they attract (+7.4%).

The Retail area remains the most visited section by the public in general, recording a 15.6% increase in the number of page views, YoY.

	2022	2023	Δ%
Overall Visitors	511 378	1 118 623	119%
One-Time Visitors	280 106	398 725	42%
Page views	821 386	1 960 822	139%

BFA APP 2.0

The Mobile Channel has been one of the most prominent areas of investment over the last few years. With the aim of meeting and addressing our Customers' needs and providing an efficient and convenient banking experience, BFA implemented a wide range of features improvements and groundbreaking functionalities over the course of 2023. We would like to highlight the development of the BFA APP 2.0 and the benefits it has brought to our customer base.

Throughout 2023, a broad array of new features were introduced to BFA APP 2.0 with the aim of providing our customers with fast and convenient access to a wide range of banking services. We highlight the functionalities made available to the market during 2023, as follows:

- Cardless withdrawal functionality;
- Introduction of IBAN and processing as an internal transfer;
- Recurring transfers;
- Recurring Transfers scheduling Management and Frequent Beneficiaries Management;
- Opening of sub-accounts;
- Credit Card Area;
- Kandandu Card top-up;
- Security upgrade with the new Upshield solution;
- BFA NET sign-up.

BFA NET/ BUSINESS

New improvements and solutions are underway to meet future market needs. At the end of 2023, the BFA Net channels had a total of 235,760 registered customers, representing a growth of +5.5% YoY.

Social Networks

Facebook

Facebook continues to be the social network with the most users worldwide. It currently has 3.55 million active users in Angola, with just over 98% of the audience accessing it via smartphones.

The Bank currently has a total of 355,000 followers in Facebook, a considerable increase when compared to the 326,000 followers recorded during 2022.

Facebook is the online tool most widely used by the Bank to reinforce communication aimed at the mass market, with a strong emphasis on sharing information about products and services and financial literacy topics.

LinkedIn

In 2023, BFA recorded a growth of +94,700 followers on the professional network LinkedIn, which corresponds to a 23% increase YoY.

LinkedIn is a professional relationship-orientated platform and for this reason it is a social network that plays a key role in identifying top human capital talent.

The Bank uses this online platform to provide information on products and services, financial literacy content, news and events aimed mainly at the corporate public.

Instagram

With approximately 28,000 followers achieved in 2023, 7,000 more than in 2022, BFA continues to steadily progress, underpinned by a strategy of building relationships with its audience.

Instagram has a particular feature that focuses primarily on visual content, and for this reason the Bank communicates in a way that creates more engagement with a young audience. On this social network platform, BFA also provides information on financial products and services, as well as more entertaining and inspirational content.

Communication

Campaigns

Term Deposit - Special Growing'

With its customers and the diversification of their investments in mind, BFA rolled out the 'Term Deposit - Special Growing' in H1 2023, a financial product with an increasing interest rate and exclusive subscription through digital channels.

Similar to other financial products, this Term Deposit is an investment option for investors looking for security, stability and guaranteed returns.

Kandengue BFA Account

To celebrate Children's Month and encourage financial literacy, BFA has introduced the BFA Kandengue Account - a term deposit created especially for customers aged 0 to 18.

It's a flexible long-term investment scheme that allows for occasional and periodic top-ups.

New 63-day and 90-day Super Accounts Term Deposits (TDs)

In May 2023, BFA introduced the 63-day and 90-day Super Accounts Term Deposits in its products and services offering. These offers are two short-term investments with weekly and monthly interest payments, respectively.

Both options are aimed at customers who prefer to minimise risk and receive interest periodically.

BFA Collateral Credit Facility

With a view to providing Private Customers (Private Banking and Investment Centres) access to Credit to make investments without having to use their own funds, the Bank has introduced BFA Collateral Credit Facility.

BFA Collateral Credit Facility is a long-term financing solution, in national currency, for new investments, without the need to mobilise the funds allocated in the Bank.

Corporate Campaign

In 2023, BFA reached a key corporate milestone: **30 years in the Angolan market**.
Over three decades, BFA has steadfastly pursued its core remit: to develop financial solutions that foster a long-lasting relationship with its Customers and create value for its Shareholders, reinforcing its values of Innovation, Closeness and Transparency.
Hence, with a view to celebrating its 30th anniversary and strengthening its leading position in the Angolan financial market, BFA rolled out a corporate campaign entitled "**Thank you Angola**". The aim of the campaign was not only to thank Angolans for their trust, but also to thank them for making BFA a household name financial institution. The corporate campaign was publicised in a wide range of media channels and starred the Angolan actor **Fernando Mailodge**.
In conjunction with the campaign, a stamp was also created and used in all the communication associated with the Bank's 30th-anniversary celebrations.
BFA decided to use as advertising means for this campaign some well-known brand ambassadors who have been part of the Bank's 30-year history, namely Karine Manita, Pedro Mantorras, Lesliana Pereira, Jessé Manuel, Fernando Mailodge and brand ambassador Anna Joyce.

BFA 30th Anniversary Term Deposit

In accordance with BFA's corporate strategy of securing customer deposits and as part of the celebration of its 30th anniversary, BFA offered its customer base a new term product in local currency, entitled **BFA 30th Anniversary Term Deposit**.
The offer, in addition to being an investment alternative, consisted of an investment with increasing interest rates and a minimum subscription amount of 1 million Kwanzas.

Farming Campaign

In the second half of the year, BFA carried out the credit farming campaign entitled "**Agriculture makes Angola Grow**", a short-term product for financing expenses arising from the production cycle of annual crops for companies linked to the agricultural and livestock sectors.
With the organisation and launching of this campaign, the Bank has renewed its commitment to implementing initiatives aimed at boosting the real economy by providing a competitive loan offering tailor-made to meet and address the agribusiness sector's needs.

Public Offering for Subscription - Sonangol Corporate Bonds 2023-2028

BFA was one of the leading financial brokerage houses for Sonangol's First Corporate Bond Issuance. Hence, a promotional campaign was organised and rolled out with the aim of informing Customers and the general public about this public bond offering.

The corporate bonds were admitted to trading on the Private Bond Exchange Market (Portuguese acronym: 'MBOP'), which allowed investors to trade (sell or buy) the corporate bonds on the secondary market.

BFA's involvement in this historic project for the national financial sector, and for the capital market in particular, was only possible thanks to the dedication and effort of the entire BFA Team.

BFA Christmas 2023

The Christmas campaign rolled out by BFA was an opportunity for the Bank to strengthen ties with its Team Members and Customers, bolster partnerships and, above all, wish Angolans Happy Holidays, thanking them for making BFA a household name financial institution within the Angolan financial landscape over the course of 2023.

BFA 30th Anniversary - Christmas Special

As part of BFA's 30th anniversary celebration, the Bank organised and rolled out the 'BFA 30 Years Special Christmas' Campaign, an all-inclusive campaign that included a broad range of financial products and services, aimed at meeting BFA's customer base different needs.

The financial products featured in this special offering were the following:

- **BFA 30-Year Special Christmas Term Deposit**
  Short-term investment with increasing interest rates and monthly interest payments on the current account.
- **Personal Loan**
  Advantageous conditions to facilitate the purchase of non-financial products such as watches, jewellery, household appliances, high-end mobile phones and crockery in line with high quality standards.
- **BFA Collateral Credit Facility**
  Long-term financing solution, in national currency, for new investments, without the need to mobilise the funds allocated at the Bank.
- **BFA & Electromax Angola Partnership**
  Offer with a 5% discount for BFA customers on the purchase of any product marketed by Electromax.
- **BFA & 'União Comercial de Automóveis' Partnership**
  Partnership protocol for BFA customers to buy top-of-the-range vehicles on credit (with favourable financing conditions) and benefit from a discount on servicing and spare parts purchases.

Internal Communication Activities

8th March | International Women's Day

On **International Women's Day**, all Team Members were invited to take part in this celebration by **dedicating a poem, message or tribute to BFA's female colleagues**.
The personalised homages were later published on the Bank's internal channel.

May 1st | International Workers' Day

The celebration of **Labour Day** was marked by a message of thanks to all BFA Team Members.
The message highlighted BFA Team Members' dedication, performance, effort and contribution to the Financial Fortress that is BFA.

7th April | World Health Day

To celebrate **World Health Day**, a Fitdance class was held at Jango Veleiro. This class was open to all BFA's Team Members and had as its motto "**Whoever dances puts their sorrows away!**". Besides being a relaxed day of dancing, the activity aimed to encourage Team Members to practise some form of exercise in favour of their physical health.

7th May | Mother's Day

To celebrate **Mother's Day**, BFA produced a podcast - Mother's Day Special. The programme featured the participation of BFA's Team Members Ana Macedo (Head of the International Relations Department), Ilda Sampaio (Deputy Manager of the Large Business Centre - Viana Polo Industrial), Eduarda Caetano (Commercial Assistant at the Catholic University Branch) and Suazeli Mendes (Deputy Manager of the Mission Branch). The theme of the podcast was **"Balancing professional and personal life", in which BFA's Team Members gave their testimonies on balancing professional and personal life**.

25th May | Africa Day

Africa Day was celebrated on the 25th of May. For this day, BFA's Team Members were invited to wear traditional African costumes and share their individual or group photos. The photos were subsequently uploaded and published on the Bank's internal channel.

1st June | International Children's Day

On **International Children's Day**, BFA's Team Members were challenged to dress up their children as one of their idols and share the photos, which were subsequently posted and published on the Bank's internal channel.

Pink October

Pink October was marked by the Bank's participation in the **Pink Walk**, promoted by the National Bank of Angola. The central theme of the event was **"United for the financial sector and strong for Pink October"**. The aim of the 'Pink Walk' was to highlight the importance of early prevention and diagnosis of breast and cervical cancer.

Events and Sponsorships

During 2023, the Bank focused on celebrating its 30th anniversary with its Team Members, partners and customers. This year was characterised by several nationwide events with the motto THANK YOU. Everything to express BFA's gratitude to those who play a direct and active role in the brand's success, from Cabinda to Cunene.

Unitel Music Festival I BFA 30th Anniversary

The "Music Festival" is one of the biggest festivals organised by the telecommunications operator Unitel. In its eighth edition, BFA decided to join this event with the motto 'UNITEL MUSIC PARTY BFA 30 YEARS'. To honour its Team Members, customers and partners, the festival was held in three provinces of Angola - Huambo, Cabinda and Luanda - and attracted around 60,000 spectators.

Anna Joyce Concert - BFA 30 Years

To round off the 30th anniversary celebrations, the Bank involved as a sponsor of the great live music concert by singer Anna Joyce. The event was attended by more than 1,000 Team Members and created a moment of fraternisation among those in attendance at the music concert.

City Festivities BFA 30 Years

In partnership with LS Republicano, the Bank attended the festivities in the cities of Benguela, Lubango and Luanda, where BFA's 30th anniversary was celebrated. During these events, we invited around 5,000 Team Members, Partners and Customers and around 50,000 people attended, who were able to watch shows by national and international artists.

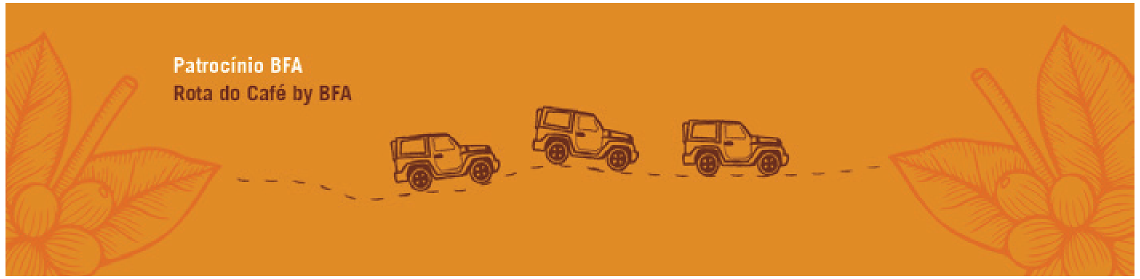
Macfrut Trade Fair 2023

BFA attended the MACFRUT Trade Fair 2023 in the city of Rimini, Italy. The event brought together professionals working in the fruit and vegetable sector, which represents the entire supply chain with 8 sectors getting involved. For this fair, the Bank invited 10 BFA customers linked to the agricultural sector to take part in this major event.

"Overcoming Limits" Workshop

BFA sponsored the workshop "Overcoming Limits", which was led by coaches Joel Jota and Marco Victor. The aim of the workshop was to encourage and enable people to fulfil their potential and discover strategies and techniques for overcoming their limits and achieving extraordinary results. Team members in leadership positions took part in the event.

"Coffee Route" Expedition



A journey through Angola's history and culture on the trail of one of the most beloved beans of all time, coffee. The expedition aimed to rediscover what was once the country's biggest export during the colonial period. Participants learnt about the main benefits of the bean, as well as following the entire production process from planting to harvesting, all with group activities and breathtaking scenery along the way.

EurAfrican Forum - 6th Edition

BFA sponsored the EurAfrican Forum's 6th edition, which took place at Nova SBE in Cascais, Portugal. The EurAfrican Forum is an action-orientated platform aimed at promoting stronger collaboration between Europe and Africa, enhancing shared ecological (green) and inclusive growth, discovering new opportunities for social and entrepreneurial impact investment and creating synergies between the two innovation models. The meeting was attended by the Bank's CEO, Dr Luís Roberto Gonçalves, who was one of the speakers at this major event, the theme of which was the "EU-Africa Alliance: Opportunities for Growth".

Angola Economic Forum

BFA sponsored the Angola Economic Forum event, aimed at stimulating the Angolan economy by creating a key platform, comprehensively assessed by experts, which seeks to develop and boost business and investment opportunities in the economic environment.

Unitel Angola Mobility

BFA teamed up with Unitel to promote the 3rd edition of the Unitel Angola Mobility competition. The Angola Mobility concept aimed to reward audiovisual production at national level through a system of applications, public voting and a final ceremony where the candidates were introduced, and the winners elected according to the public and jury votes.

Roll-out of the new corporate brand “BFA Pensions”

The year 2023 was characterised by the roll-out of the new corporate brand “BFA Pensions”, aimed at providing complementary retirement solutions to social security and establishing a long-lasting relationship with customers. ‘BFA Pensions’ vision is to become a household name in the pension sector in Angola, with values based on innovation, transparency, closeness and sustainability.

Roll-out of the Banking Representatives Network: “BFA HERE”.

BFA has officially unveiled its first ‘BFA HERE’ banking service point for bank representatives in the school square, on the 1st of May. The role of BFA’s banking representatives is to help the financial institution in the process of fostering and driving financial inclusion, attracting new customers and providing primary banking services. They are part of the Bank’s diversification strategy, expansion and geographical footprint expansion, which aims to offer high-quality, innovative and competitive financial solutions that contribute to Angola’s socio-economic sustainable development.

Roll-out of the banking services points “Orange Spaces”

BFA banking services points entitled “BFA Orange Spaces” are new and modern, with up-to-date ATM centres designed specifically to meet and address BFA’s customers’ needs. In these spaces, customers can carry out a wide range of banking operations quickly and conveniently, such as topping up mobile phones, checking balance accounts and transactions, withdrawing cash, making payments to the state, paying for services, perform wire transfers, among other services. These banking service points are part of the Bank’s diversification, expansion and geographical footprint expansion, which aims to offer high-quality, innovative and competitive financial solutions that contribute to Angola’s socio-economic sustainable development.

Social Responsibility

Since its inception, BFA has established at its corporate core a strong commitment and concern for the sustainable development of its underlying business, prioritising the implementation of environmental, social and governance promotion initiatives which boost and improve the Bank's corporate reputation and its capacity to add social value. The financial institution has made several commitments adjusted to the challenges imposed, in alignment with the well-being and safeguarding of the individual's, communities' and other stakeholders' interests.

Hence, in 2023, BFA continued to develop and implement a set of initiatives within the scope of Social Responsibility, aligned with the United Nations Sustainable Development Goals, namely:

- Healthcare Quality;
- High-quality Education;
- Drinking Water and Sanitation;
- Reducing Inequalities.

High-quality Healthcare

Within the scope of BFA's Solidarity programme, a medical centre has been rehabilitated in the Samba Cajú municipality, Kwanza Norte province. This centre will guarantee free, qualitative medical care for children and women in vulnerable situations.

The children's nutrition centre at Divina Providência Hospital was also rehabilitated, where enhanced conditions were developed with a view to better receive and accommodate the approximately 20,000 children and their mothers who visit the hospital every year, promoting greater effectiveness and efficiency in the healthcare services provided.

BFA +Nourish

Over the course of 2023, the Bié province continued to face ongoing challenges related to access to water, sanitation and hygiene (WSH) services and inadequate child feeding practices, which have contributed to a high mortality rate for children under the age of five and the persistently high number of cases of severe and chronic malnutrition in the province.

Although the rains were below average in the second half of 2022 and early 2023, many households benefited from a small harvest with a positive impact on food security. However, some families' infant and young child feeding (ALCP) practices are still based on ancestral experiences or empirical beliefs, which is a barrier to adopting individual and collective changes that enhance children's nutritional conditions.

BFA and the United Nations Children's Fund (UNICEF) established a joint partnership to enhance access to the use of high-impact nutrition and water, sanitation and hygiene (WSH) interventions for pregnant and lactating women, and children aged 0-59 months in the Cunhinga municipality, Bié province. This was made possible by the provision of integrated nutrition services, WSH and social and behavioural change approaches in schools, health units (HUs) and through the local community.

The partnership between BFA and UNICEF is centred in achieving three key outcomes:

- Increase the knowledge and skills of health professionals and community health workers (CHWs), who work with quality treatment services for pregnant and breastfeeding women, newborns and children aged 0-59 months.
- To improve and enhance water, sanitation and hygiene services in schools, target health units and in local communities.
- To support counselling for women and caregivers of children under 5, with a view to recognising the signs of Severe Acute Malnutrition (SAD) and adopting good practices on adequate nutrition, health and WASH.

With the support of BFA, 3,038 children were admitted for treatment of ASD, of which 1,900 were adequately treated. The project expanded from the Cunhinga Headquarters municipality to the Belo Horizonte municipality, benefiting an additional 23 villages with cookery sessions, reaching 7,799 people and disseminating key messages to 12,541 families. In 2023, a total of 632 women and mothers were trained to screen for and identify cases of malnutrition using mid-upper arm circumference (MUAC) measurements. The trained women screened 19,098 children for malnutrition.

Through WSH interventions, UNICEF has demonstrated the link between ending open defecation and preventing diarrheal diseases at local community level. With the collaboration of local organisers, 18,886 people were mobilised for efforts to end open defecation in 24 villages using the Community--Led Total Sanitation (CLTS) methodology.

Of the 24 villages identified as CLTS, 19 villages declared to be ODF: Open defecation free, representing a total of 14,739 people or 2,313 families. Following UNICEF's intervention, the target communities exhibited good hygiene practices, such as proper latrine use and hand sanitising systems with soap at critical moments.

The results achieved demonstrate the commitment of BFA, UNICEF, the government and the implementing partners to eliminating open defecation in the Bié province. Furthermore, it shows the importance of BFA's contribution to achieving results for children in the Cunhinga municipality, Bié province.

High-Quality Education

In the field of education, BFA helped improve the conditions of educational establishments by rehabilitating and equipping a school in the municipality of Luena, Moxico province. With this project we created a more welcoming and favourable environment for the 2929 children who attend the school. With new equipment and infrastructure, it will also be possible to contribute to improve the population's literacy skills in Luena.

Furthermore, within the scope of BFA Solidarity, an additional school was equipped in the Lubango municipality, Huíla province.

TUPPI PROJECT

Partnership between BFA and ADPP to implement the "All Together for Early Childhood" project, to be developed in the Uíge province. The TUPPI Project includes the following elements:

- To establish 30 pre-schools in the province of Uíge;
- To supply pre-schools with children's books and educational toys;
- To integrate pre-schools into local communities;
- To ensure the good management of pre-schools by student trainees from the ASPP-Uíge Teaching School and trained volunteers from the community;
- To record the outcomes achieved through the creation of internal monitoring and assessment.

The TUPPI pre-school programme is based on the idea of the child starting a new life as a pre-school child, conquering new environments and friendships, learning new concepts and words, giving words to feelings and ideas, demanding answers to questions and experiencing their own role and possibility of contributing to making life better for their family and friends.

As part of this project, training sessions were held for students from the ADPP Primary School in Uíge in the field of TUPPI education. The aim of the training was to help participants understand the particular characteristics and special care needs associated with early childhood, with a view to preparing families to implement educational activities that promote and drive children's all-round development. The training was attended by 84 of the 96 final-year students at the ADPP Primary School in Uíge, including 34 girls and 50 boys. The trained students are spread across 8 municipalities and 19 villages and/or the TUPPI Centre.

The trained students ensured the broadening and widespread use of the TUPPI educational modality in 8 Municipalities and 19 Villages in the year 2023, concepts and words, giving words to feelings and ideas, demanding answers to questions and experiencing their own role and possibility of contributing to making life better for their family and friends.

The students trained ensured the broadening and widespread use of the TUPPI educational modality in 8 Municipalities and 19 Villages over the course of 2023.

Drinking Water and Sanitation

With the support of BFA Solidarity project, the courtyard of a reception centre and school was paved, and drainage ditches were built to drain the water away, considerably enhancing access to the centre and basic sanitation, because when it rained, the courtyard would be full of water with no way of moving around in it.

Reducing Inequalities

A children's centre has been rehabilitated and equipped in the Luena municipality, Moxico province.

Blood Donation Campaign

With the participation of BFA's Team Members and partners, several blood donation campaigns were held during 2023 in 13 provinces across the country. The campaigns took place in the central hospitals haemotherapy service departments in each of the respective provinces shown on the adjacent map.

Each bag of blood collected can be used for up to four patients, mostly children in paediatrics and the oncology centre. Against this backdrop, BFA managed to collect 1,939 bags of blood in the 2023 donation campaign, which it estimates will have supported 6,764 people, including children, young people and adults. During the campaigns, we noticed a low level of Team Member involvement when compared to previous years. We believe that the low level of participation is due to a lack of collective interest and the lack of awareness on the part of superiors when it comes to BFA's Team Members taking time off to take part in solidarity initiatives.

Note: Since the creation of the "I Am a Donor" project, in partnership with the National Blood Institute, it has been possible to collect 9,112 bags of blood, and BFA has also been providing logistical support for volunteers' transport to and from work, as well as catering (pre-lunch and post-lunch).

Life on Earth

The Social Responsibility Department has carried out several tree-planting campaigns as part of the BFA+Environment project and, since the start of the project in November 2022, we have been able to plant 1,431 trees, 500 of which are Palms and 931 Acacias in 6 provinces.

- Namibe, in the city of Moçamedes 400 (Palm trees-200 and Acacia trees - 200).
- Huíla, in the city of Lubango 200 (Acacia trees) were planted.
- Kwanza Norte, in the town of Ndalatando, 200 Acacia trees were planted.
- In the city of Luanda, 281 trees were planted (Palm trees - 100 and Acacia trees -181).
- In Bié, in the city of Kuito, 150 trees (Acacia trees) were planted.
- Benguela, in the cities of Lobito and Catumbela, 200 palm trees were planted.

The Bank is planning a campaign to protect and plant mangroves and clean up beaches in Luanda. This project will help reduce erosion and soil degradation. The roots help stabilise the soil and, in arid areas, can prevent the wind from blowing away important layers full of nutrients. Mangroves are considered 'blue carbon ecosystems', as well as seagrasses and salt marshes, because they are 10 times more efficient at absorbing and storing large amounts of carbon in the long term compared to terrestrial ecosystems. This makes them essential for combating climate change, but even so, they are at enormous risk of destruction due to human activities worldwide.

BFA + WATER + LIFE

Training of 16 teachers and 4 supervisors at provincial, municipal and communal level as Senior Trainers as part of the implementation of the Learning at the Right Age (AIC) programme, which in its pilot project phase is benefiting 18 schools in the Ombadja municipality. This educational approach consists of applying an innovative accelerated learning methodology to consolidate basic Portuguese language and maths skills for primary school pupils in grades 3, 4 and 5.

A total of 13 technicians and managers from the Ombadja Provincial Office and Municipal Directorate of Education and 28 school administrators were made aware of the added value of adopting this educational reinforcement methodology to improve learning and were given guidance on their responsibilities within the scope of implementing the Learning at the Right Age programme.

Start-up of the Learning at the Right Age programme, still on an experimental basis, to consolidate the training of Senior Trainers in the 18 target schools, with the provision of teaching resources for teachers and teaching materials for students.

A brick-built school was also delivered where previously there had been a school under a tree, located in the town of Ombadja.

BFA Sustainability Roadmap

In the wake of its corporate legacy to the Angolan society, BFA has been deepening and aligning its business development with the subject matter of sustainability. With this goal in mind, the financial institution has developed a Sustainability Strategy for the 2023-2027 timeframe, focussing on three key ESG-related dimensions (Environmental, Social, Governance), thus becoming a pioneer in the transformation of the financial sector in Angola.

Vision, Goals and Purpose

Driven by its Sustainability Vision of ‘Being the No. 1 Bank for all Angolans, with a focus on transformation, on people, and on creating economic and social value through innovative and sustainable solutions’, BFA has identified four Strategic Targets that underpins and materialises its Sustainability Roadmap:

- To be a household name financial institution in supporting Angola’s socio-economic sustainable development, particularly in the area of financial inclusion;
- To ensure the ongoing development of human capital and fostering diversity;
- To be a primary partner to all customers regarding the integration of ESG-related topics and to ensure that ESG-related factors are incorporated into the Bank’s risk management;
- To strengthen and enhance awareness-raising of environmental aspects in internal operations.

These corporate goals are visible and embodied in the Bank’s day-to-day operations through its key business aim to develop financial solutions, products and services that foster long-lasting relationships with customers and create value for shareholders.

Consequently, BFA has made the following key corporate and business commitments:

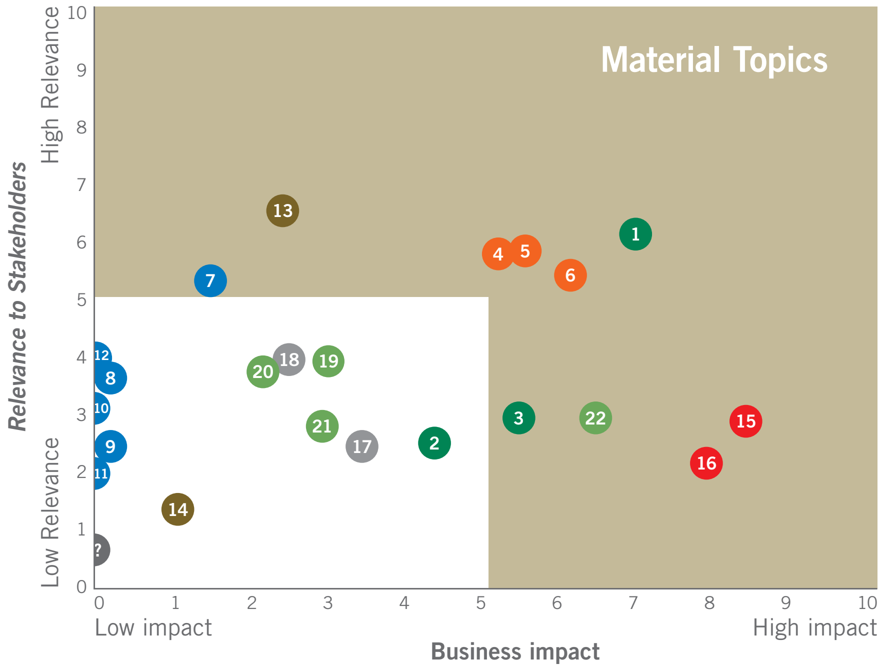
- **With BFA’s Customer Base**: to ensure the satisfaction and high-quality of our services.
- **With Angola**: to play a key role in the sustainable development of the national economy.
- **With BFA’s Team Members**: to invest on BFA’s Team Members’ personal and family empowerment and growth.
- **With Shareholders**: to generate value.

BFA believes that taking into account the interests and needs of all its stakeholders is of paramount importance to achieving the sustainable development of the financial institution, while also contributing to the progress and improvement of the country’s social and environmental conditions.

Materiality

Over the course of 2023, while developing its Sustainability Roadmap, BFA carried out numerous hearings with a broad range of stakeholders, both internal and external, in order to establish the Bank’s materiality Matrix, with a view to aligning the Sustainability Roadmap with the stakeholders’ main priorities and vision.

From the numerous hearing sessions that were carried out with the different stakeholders, a materiality Matrix was drawn up, from which the ten topics considered to be a priority for the Bank's strategic activities were chosen, namely:



Material Topics:

- Integration of ESG-related factors into the Risk Management Framework (1)
- Development of Products with Social and Environmental Value (3)
- Developing, attracting and retaining Human Capital (4+5)
- Team members' well-being, health and safety (6)
- Best Corporate Governance Practices (7)
- Financial Inclusion and Literacy (13)
- Technological Innovation (15)
- Promoting Multichannel and Digitalisation (16)
- Operational Eco-Efficiency (22)

Equality, Diversity and Inclusion (New)

This topic was added afterwards in view of its key relevance to the Bank's strategy.

BFA's commitment to the Sustainable Development Goals (SDGs)

Within the scope of its alignment with international standards frameworks, BFA has developed its Sustainability Roadmap with reference to the United Nations 2030 Agenda, more specifically with regard to the Sustainable Development Goals (SDGs). Hence, ten priority goals were identified for BFA's sustainability activities, aligned with materiality and focusing on the areas in which the financial institution can have the strongest and highest impact through the development of its business activity and social responsibility towards the community.

SDG 1 - Poverty Eradication: BFA aims to promote the social inclusion of the most vulnerable groups within the Angolan society, through access to financial products and services tailored to their needs (e.g. Bankita accounts, microcredit). The Bank also promotes and drives social innovation by supporting Non-Governmental Organisations (NGOs), foundations and other social responsibility entities.

SDG 3 - High-Quality Healthcare: BFA aims to promote high-quality healthcare by developing activities that provide the most disadvantaged communities with access to hygienic conditions and healthcare services through, for example, the BFA Solidarity Programme.

SDG 4 - High-Quality Education: BFA aims to promote the general population's financial literacy by guaranteeing access to education in numerous local communities and awarding scholarships for providing access to higher education to disadvantaged young people.

SDG 5 - Gender Equality: Concern for gender equality is at the forefront of BFA's priorities and is promoted through numerous corporate initiatives, as well as within society through initiatives developed as part of the Bank's Social Responsibility Programme, namely the schooling of young women.

SDG 6 - Drinking Water and Sanitation: Given that this is one of the country's chronic issues and problems, BFA has been committed to promoting access to drinking water and sanitation among the most vulnerable populations through a wide range of social responsibility initiatives, such as the BFA Solidarity Programme.

SDG 8 - Decent Work and Economic Growth: BFA strives to provide a differentiating portfolio of financial products and services that play a key role in Angola's socio-economic sustainable growth and development, such as services aimed specifically at the agricultural sector.

SDG 9 – Industry, Innovation and Infrastructure: Given that this is a key subject matter for the country's socio-economic sustainable development, BFA is strongly committed to being a key financial institution in the fulfilment of this pivotal purpose through the research and development of new financial products and services.

SDG 10 - Reducing Inequalities: BFA's pledge to society has always been one of its key corporate hallmarks. To this end, the financial institution promotes and implements corporate initiatives and programmes with a view to addressing, countering and reducing social inequalities in numerous areas, such as healthcare, education, innovation, among many others, namely through the BFA + Water + Life Programme.

SDG 11 - Sustainable Cities and Communities: BFA recognises the need to create conditions for access to safe, affordable and sustainable means of transportation. Hence, it is committed to studying and creating products and services with social and environmental added value.

SDG 13 - Climate Action: BFA considers of paramount importance to support and be a corporate role model concerning the transition to a carbon-neutral economy. Accordingly, BFA aims to integrate environmental and climate risks into its internal sustainability framework, finance the sustainable transition of the economy and reduce its carbon footprint, both internally as well as with respect to its financing portfolio.

In a nutshell, BFA's key priorities related to the Sustainable Development Goals (SDGs) mainly highlight its corporate commitment regarding the People and the Environment.

	Key Topic Areas				Strategic Support Areas
	Human Capital	Operational Eco-Efficiency	Sustainable Financing and ESG-related Risk Management	Financial Inclusion and Community Support	Data & Digital Communication Corporate Governance & Operating Model
Corporate Initiatives	7	6	23	27	12
Strategic Goals	Ensuring the ongoing empowerment of human capital and fostering diversity.	Strengthen awareness-raising of environmental aspects in internal operations.	To be a reliable partner to our customer base in the integration of ESG-related topics/risks and ensure the effective management of these risks throughout the financial institution.	To be a household name financial institution in supporting Angola's socio-economic sustainable development, particularly concerning financial inclusion.	-

In alignment with BFA's Action Plan, and as a way of measuring the Bank's ambitions scope, the financial institution has also established key targets associated with the Strategic Goals to which BFA is committed until 2030, which clearly demonstrate the organisation's strong determination and commitment to be a household name financial institution for sustainable transition in Angola and Africa.

Financial Inclusion & Literacy and Community Support

Throughout 2023, BFA remained committed to fulfilling its corporate responsibility to develop the country's economy, in particular by enhancing and increasing the community's financial inclusion. Against this backdrop, it is worth highlighting BFA's Customer base growth, up by +9.5 YoY, thus contributing to the direct financial inclusion of 2,865,852 Customers across 18 provinces. In addition, as a result of the establishment and implementation of the Bank Representatives Management Office, the financial institution was able to open 1,872 additional bank accounts and, as part of the financial inclusion of the underbanked and lower-income population, 740,973 Bankita accounts were also registered with BFA.

Furthermore, during 2023, BFA continued its corporate and business endeavours to develop new digital solutions for its customer base with a view to making the financial institution's services more diversified, agile, convenient and capable of fully meeting the needs and requirements of the Angolan society.

Hence, it's worth highlighting the upgrade and development of the BFA APP, where important functionalities have been introduced with the aim of giving all BFA customers prompt and convenient access to a wide range of banking services.

Committed to maintaining its leading position in the financial services sector, BFA is determined to continuously invest in innovation and technological development with a view to ensuring a better user-friendly experience for its customer base by providing the best-in-class banking services that are a BFA hallmark.

During 2023, concerning the realm of digital technologies, BFA continued to focus on growing its footprint on social networks (Facebook, LinkedIn and Instagram). The Bank highlights the vital role that these social networks have played in providing information on products and services, actively contributing to the promotion of financial literacy among different age groups, namely by publishing information on savings solutions and teaching family budget management techniques.

In addition, within the scope of promoting financial literacy, BFA has developed a wide range of initiatives to spread pamphlets with relevant information on the safe use of means of payment.

Internally, the Bank also considers equally important to develop new training initiatives to improve the financial literacy of its Team Members, including e-learning courses on cybersecurity.

As part of its support for the Angolan community, over the course of 2023 BFA continued to make a positive contribution to society, through its support for numerous initiatives that have an impact on the underprivileged communities in Angola, as follows:

- BFA Solidarity Programme with the aim of promoting healthcare, high-quality education, access to drinking water and sanitation and reducing inequalities;
- Volunteering initiatives;
- BFA + Environment Project, aimed at promoting and encouraging the plantation of trees in several provinces;
- Subsidy Hub for the TUPPI Project;
- BFA + Water + Life, which has made it possible to develop access to education and improve learning;
- BFA + Nourish, which has improved the health conditions of several local communities;
- Malaria Counter Programme, which has remained one of BFA's flagships in its work in the community, supporting the struggle and fight against malaria.

Awards & Accolades

Tchiluanda Award - BODIVA

Highest Trading Turnover recorded in the Repo Market

BFA was awarded the Tchiluanda Prize for the Highest Trading Turnover in the Repo Market at the 4th edition of the BODIVA Forum. This accolade was given in recognition of the highest trading turnover achieved by BFA in the Repo Market.

Best Banking Representation and Best Agricultural Banking Project Solution for organising Expo Kwanza Norte 2023

BFA was awarded the Best Banking Representation and Best Agricultural Banking Project Solution Award for organising Expo Kwanza Norte 2023. This accolade was given in acknowledgement of BFA's performance and contribution to the agribusiness sector.

Best Bank for Corporate Social Responsibility in Angola 2023 - Euromoney

BFA was also recognised as the best Bank in Angola under the Corporate Social Responsibility 2023 category by Euromoney magazine. The Bank has been identified as one of the best financial institutions operating in Angola under the Corporate Social Responsibility category, as a result of its many initiatives and programmes carried out in this area over the last few years. BFA has promoted numerous initiatives aimed at supporting the eradication of poverty, the promotion of health and well-being, as well as education and social equality in the country.

Oil & Gas Awards – "PetroAngola"

Best Oil & Gas Commercial Bank 2023

As a result of its comprehensive banking offering and the quality of the expert service it provides to its Oil & Gas corporate customers, BFA has been awarded the Best Commercial Bank of the Year 2023 in the Oil & Gas and Mining & Quarrying sectors.

World Economic Magazine - Best Banking Product Angola 2023

BFA was awarded the Best Banking Product Angola 2023 accolade by the World Economic Magazine. This accolade primarily acknowledges the Bank's diverse portfolio offering. Every year, World Economic Magazine selects the best financial institutions in the world, and its awards have since become a recognised and trusted standard of best-in-class products and services in the market, as they distinguish the most dynamic, innovative, engaging and pioneering players within the banking sector.

Global Business Magazine

- Most Socially Responsible Bank Angola 2023
- Best Customer Service Bank Angola 2023

Global Business Magazine awarded BFA with two prizes in 2023: Most Socially Responsible Bank Angola 2023 and Best Customer Service Bank Angola 2023. These awards reflect the high-quality of BFA's customer service and the Bank's involvement with its community.


4
RISK
MANAGEMENT

Risk Management

2023 Overview

Total Capital Ratio 42,5%	Tier 1 Capital (Tier 1) 470 mMKz	Leverage Ratio 22,4%
Liquidity Ratio 637,1%	Loan-to-Deposit Ratio 21,0%	Loan-to-Deposit Ratio (National Currency) 38,5%
NPL Ratio 10,2%	NPL Coverage Ratio 82,9%	Foreign Exchange Gap (% Total Capital) 0,7%

BFA's Capital Levels Remain Sound and Solid

BFA's high capital levels attest the financial institution's balance sheet soundness, health and strength, even after undergoing the effects of significant regulatory changes and having largely complied with the SREP requirements. Over the course of FY2022, a new regulatory package came into force, aligning the regulatory capital thresholds with the current regulatory requirements in place in the European Union (EU). Furthermore, it also reinforced the need to provide for Common Equity Tier 1 (CET1) capital in accordance with Pillar II risks (until 2021 only Pillar I risks were covered), as well as the need to set aside and meet a 'combined buffer requirement' with a view to accommodate potential losses (capital conservation buffer, countercyclical capital buffer and systemic risk buffer).

BFA's Total Capital Ratio in December 2023 stood at 42.5%, a figure well in excess of the regulatory threshold requirement (8.0%) and also higher than the Angolan Financial System average (30.3% as at December 2023, according to the BNA), thus attesting BFA's total capital soundness and its appropriateness with the financial institution's business model, guaranteeing its long-term sustainability as well as the trust of its Stakeholders. BFA's Total Capital Ratio's positive development and performance, even with the new regulatory changes that have taken place, reinforces and consolidates the Bank's financial strength and its capacity to adapt to the ever-changing demands of the market.

Highest Challenge for Maintaining Comfortable Liquidity Ratios

Marketable securities eligible for discount at the Central Bank are classified as liquid assets in accordance with international regulations. At domestic level, only the component with a 30-day residual maturity can be classified as a liquid asset. This situation leads to high volatility in high-quality liquid assets (HQLA) and poses additional challenges in maintaining comfortable and adequate liquidity ratios.

Over the course of 2023, BFA maintained compliance with the regulatory capital requirement ratios, although there has been a heightened level of complexity in the management of investments, both in foreign and domestic currency. This complexity has intensified, requiring ever more careful and strategic management of the available resources.

Foreign Exchange Rates Volatility Leads to a Decrease of the FX Gap

The financial year 2023 (FY2023) was mainly characterised and shaped by the sharp appreciation of foreign currencies against the national currency Kwanza, reversing the economic environment of FY2022 (which witnessed a significant depreciation of foreign currencies). Against this backdrop, one of BFA's key corporate goals to mitigate losses arising from the foreign exchange position consisted of reducing the gap between assets and liabilities sensitive to foreign exchange rates, so that potential variations would have a reduced impact on the company's financial performance.

BFA ended FY2023 with a long financial position amounting to 3.7 million USD, which represents 0.65% of the Total Capital, demonstrating a significant improvement YoY.

Positive Development in Lending to the Real Economy and NPLs

Over the course of FY2023, lending to the real economy developed at a positive pace and exceeded the market average, recording a growth of 14% in terms of the total credit portfolio (excluding State financing).

Despite the increase in lending, the significant growth in customer deposits and other loans meant that the loan-to-deposit ratio in FY2023 stood at 21.0%, a slight decrease YoY.

The loan-to-deposit ratio in national currency stood at 38.5%, the latter being more relevant as it is not possible to provide lending to the real economy in foreign currency, except in very specific cases (exporting companies).

BFA also experienced a mild improvement in credit quality ratios, recording an NPL ratio of 10.2%, down from 13.3% YoY. The overall improvement recorded in the loan portfolio asset quality ratios is mainly attributable to the new loan portfolio under management, in alignment with BFA's corporate strategy of increasing lending to the real economy and monitoring non-performing exposures.

Emerging Risks and New Forms of Prevention

The Bank is focused on the ongoing improvement of its risk management processes, making a considerable progress in the development of its risk management processes and in the identification of emerging risks. This corporate commitment is clearly visible in the way the Bank has been able to address emerging challenges arising from the digitalisation of the Angolan financial system. While this digitalisation process brings with it a broad range of new opportunities, it also introduces new risks, such as cybersecurity risk, which the financial institution has been working diligently to mitigate. In 2021, BFA began to take the first steps in terms of analysing and managing Environmental, Social and Governance (ESG) risk, and over the course of 2022, BFA's Social and Environmental Responsibility Committee was set up to validate the ESG strategy, as well as the main priorities related to ESG risk management.

BFA's Risk Culture

A sound Risk Culture fosters a close alignment between risk management and business strategy

BFA's risk culture is cross-cutting to the entire BFA's organisational structure and encompasses the professional values, knowledge and attitudes of its Team Members towards risk-taking. The financial institution's risk culture is embedded and enshrined in its Team Members' daily professional conduct and plays a key role in ensuring the effectiveness and quality of BFA's risk management system.

Likewise, BFA's risk culture is carried out and implemented through a set of corporate regulations, attitudes and behaviours related to being aware of the risks undertaken and managed at the financial institution, aimed at anticipating the risks to which the Bank is exposed through a sound and reliable control environment.

The main channels, activities and tools for communicating and disclosing BFA's corporate risk culture, are the following:

- Self-assessment exercises of the risk profile in which materially relevant risks are assessed by means of questionnaires sent to all of BFA's departments so that they can assess, in their daily operational activities, the risks to which they expose the Bank;
- The committees where risks are reported and where business and support areas also take part, which is another channel to promote a risk management culture.
- The workshops that are undertaken with all BFA's departments and which allow for the dissemination of risk management practices; and
- The intranet for the disclosure of risk management practices, through the publication of risk management policies and regulations.

Over the course of 2024, in addition to the initiatives mentioned above, BFA aims to provide risk management courses through the BFA Academy to enhance risk management knowledge for all the Bank's personnel.

Risk Management Model

Risk Management comprises one of BFA's Key Corporate Cornerstones

A comprehensive and efficient risk management model has enabled the financial institution to appropriately face the ever-changing economic, social and regulatory environment in which BFA's performs its business activity, being one of the Bank's key functions to ensure that it continues to be a solid, safe and sustainable financial institution whilst guaranteeing the implementation of an appropriate corporate management in alignment with the interests of all its Stakeholders.

The Bank aims to align its internal procedures with the best international practices in global risk management, and to this end takes into account the Basel Committee on Banking Supervision (BCBS) guidelines and those of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), in order to ensure overall compliance with the prudential requirements established by both regulators and supervisors. As a result, the following principles were established:

Principle 1 – The Board of Directors is the highest governing body of the Bank

The Board of Directors provides overall oversight concerning business strategy and risk management, and lays down the guidelines, goals and limits according to which the Bank's daily management is carried out.

Principle 2 – The Risk Management Function is an element of the organisational structure, performed with Independence and Autonomy

The risk management system is underpinned by a governance model that entails an appropriate separation of functions between the risk-generating units and the control units, which includes the establishment of an independent Risk Management Function, with a functional report to the Risk Committee of the Bank's Board of Directors.

Principle 3 – Ongoing adjustment to market conditions

The Bank's risk management system does not shape the Bank's strategy but influences its development and review.

Principle 4 – The Risk Appetite Framework is a key component of the Bank's Risk Management Model

The Bank manages and controls its risks in accordance with its Risk Appetite Framework (RAF): the "RAF" limits the types and amount of risk that the Bank can take in order to achieve its strategy and business purposes.

Principle 5 – The Bank's Capital Adequacy, Liquidity and Profitability are the primary goals of the Risk Management Model

The Bank manages its risk management system in accordance with a Risk Appetite Framework ("RAF"), aiming to ensure consistency between the overall risk profile and the business strategy, in order to manage and preserve its economic and regulatory capital and its strong liquidity position.

Principle 6 – The Risk Culture is the cornerstone of the Bank's business and operational activities

The risk management system is based on the promotion of a risk culture, cross-sectional to the entire organisational structure of the Bank, through instruments related to (i) Human Capital training; (ii) Alignment between performance assessment, incentives and risk profile; (iii) Communication and discussion of the main issues and strategies of the Bank; and (iv) Promotion and enhancement, both internally and externally, of a corporate identity, brand and reputation.

Risk Governance

Appropriate Risk Governance plays a key role in long-term sustainable growth

To ensure the smooth performance of the risk management function, the Bank relies on a solid risk governance model that ensures that risks are managed appropriately and efficiently, with the aim of enabling well informed decision-making.

The organisational model of the risk management system has not changed, and the aim is to consolidate it over the next few years, with increased control by the departments representing the internal control system.

The 3 Lines of Defence as an Organisational Model

The Bank's risk management system is organised according to a structure based on the principle of separation of functions, which ensures a complete partition between the responsibilities for originating (or taking) risks and those focusing on managing and controlling risks.

1st Line of Defence **Business Units & Support Areas**	Identifies and manages the risks that arise from its operational activities and are inherent to the Bank's business strategy, ensuring their ongoing reporting. It develops controls over the risks originated in the ongoing performance of the Bank's business activity.
2nd Line of Defence **Risk Management & Compliance**	It independently monitors, controls and advises on risks. It provides input to the overall development and performance of the risk management system, the Bank's management and to well informed decision-making in order to support the Front-Line Units activities. It ensures the ongoing monitoring and control of the Bank's activities and identifies any deviations from the established strategy, policies and limits.
3rd Line of Defence **Internal Audit**	Independently reviews and challenges the other lines of defence. The Internal Audit assesses the efficiency and effectiveness of the Bank's internal control system and risk management system. The External Auditor and the Supervisory Authorities are also integral parts of BFA's risk management model, in which the former contributes to the effectiveness of its risk management system through independent and objective analysis of its operation, and the latter through the oversight of internal practices.

BFA's Risk Management Governance Bodies

Over the course of 2023, BFA aimed to effectively meet the internal demands of the management body as well as to external guidelines, in view of the new developments taking place in terms of risk management in the national financial system, and in accordance with the project promoted by the National Bank of Angola to obtain Equivalent Central Bank status from the European Commission.

To this end, BFA has been consolidating the governance model, headed by the Board of Directors, whose underlying structural model seeks to provide support to the overall management of risks, preserving the values associated with the three lines of defence organisation and promoting the effective separation of functions between the business, support and control units.

Strategic Risk Management

Board of Directors

- To lay down and approve the risk management strategy and policies;
- To ensure the establishment and appointment of a full-time, continuous and independent function, independent from the Bank's business or operational functions;
- To provide the Strategic Risk Management function with appropriate material, human and financial resources to perform its assigned mission.

Risk Committee (RC)

- To periodically review the strategies and policies established for the management and control of the risks to which the Bank is or may become potentially exposed;
- To assess the scope and nature of the business activities performed by the Risk Management function, and to assess the effectiveness of the processes and procedures that support the implementation of the risk management strategy and policies;
- To ascertain whether the Risk Management function has sufficient and adequate material and human resources to carry out its duties;
- To assess the supporting documents for the function's activities and their implementation status, namely: (i) the risk management plan; (ii) the training plan; and (iii) the budget;
- To analyse the results of the function's activities and the risk information provided by it and, based on this analysis, issue recommendations to the Board of Directors with a view to correcting identified weaknesses or implementing further enhancements and improvements.

Audit and Internal Control Committee

Environmental and Social Responsibility Committee

Established in 2022, the Environmental and Social Responsibility Committee ('ESRC') aims to monitor topics related to the corporate ESG strategy and subsequent monitoring of its risk by setting metrics and threshold systems that can appropriately provide an accurate assessment and overview of the financial institution's risk tolerance.

Operational Risk Management	**Executive Committee of the Board of Directors (ECBD)** • To implement the risk management strategies and policies approved by the Board of Directors; • To ensure the quality and record keeping of decision-making processes, particularly in situations where the function has expressed a negative opinion; • To provide timely and regular information to the Bank's Board of Directors and supervisory body for the assessment and monitoring of (i) the financial situation, (ii) the Bank's risk exposure, and (iv) relevant decisions adopted by the ECBD; • To analyse and decide on the information and recommendations submitted by the Risk Management Function.		
	Information Security Committee (ISC)	**Costs and Productivity Committee (CPC)**	**Assets and Liabilities Committee (ALCO)**
	Products and Services Committee (PSC)	**Credit Committee (CC)**	**Financial Committee (FC)**
Independent Committee	**Supervisory Board**		

Schematically represented in the figure above, the structure of the governance bodies includes: (i) strategic management functions and duties, which comprise setting strategies and goals, principles and policies that regulate the risk management system, as well as monitoring and controlling its overall implementation; and (ii) operational management functions, which include the daily management and control of the business and associated risks.

Risk Management Processes

Strategic Processes	Cross-cutting processes that integrate the Bank's vision on the different risks and consolidate their impacts on liquidity capital.
Operational Processes	Operational processes are established according to material risk category, which support the ongoing management and control of each risk.
Emergency Response Plan (Contingency Planning)	Emergency response planning that allows the Bank to maintain its business activities and operations under disruptive scenarios.

Strategic Risk Management Processes

The strategic risk management processes bring together the elements that make it possible to understand the profile of the Bank's risks and to establish their appetite and thresholds. It includes the monitoring of those risks, using normal and adverse scenarios, which also contribute to assess the adequacy of the Bank's capital and liquidity, and to support planning.

Risk Profile Self-Assessment	Identification of risk categories to which the Bank is materially exposed. The results inform risk management and control approaches, where all material risk categories are assessed or quantified, as to their impact on economic capital or liquidity, as well as its management is supported by specific policies. The Risk Management Function (RMF) is responsible for energizing and leading the overall process, which must enable the participation of the management bodies and all Bank staff members.
Risk Appetite Framework (RAF)	The Risk Appetite Framework (RAF) is a core component of the Bank's Risk Management System, in which are established: • The Bank's Risk Appetite Statement; • Governance Model; • Limits System that supports the Risk Appetite Framework (RAF) and the mechanisms for monitoring and responding to breaches of the established tolerances; • Risk Appetite Integration Model in the Bank's Management Practices. The Risk Management Department (RMD) is responsible for record keeping the elements described in the previous paragraph, as well as the procedures that support it in internal regulations (RAF/RAS Governance Regulation).
Internal testing programme	Setting and simulating plausible worst-case scenarios to which the Bank is (or may be) potentially exposed, which aims to: • Identify new or emerging risks; • Assess or reassess exposure to material risks; • Support the assessment of economic capital adequacy status and the liquidity position. It is incumbent upon the Board of Directors, on a proposal from the RMD, to lay down the goals and limits for the results of the stress tests, in accordance with the Bank's Risk Appetite. The RMD must submit mitigation/remediation plans for any increased risk conditions identified and highlighted in the test results.
ICAAP & ILAAP	The Risk Management Department (RMD) is entrusted with monitoring and controlling the risk appetite thresholds and assessing the adequacy of the economic capital status and the liquidity position. The Commercial Banks first have drawn up both the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP") and submitted them for assessment by the Supervisory Authority (BNA), a procedure that will lead to additional capital and liquidity requirements to be stipulated by the National Bank of Angola.

Operational Risk Management Processes

Operational risk management processes are shaped by the results of the risk profile self-assessment: all material risk categories are supported by specific, documented approaches (risk management policies), which set out how each of the Bank's risks is regularly identified, quantified, controlled and reported.

Identification	Identification of current and potential risks to which BFA is potentially exposed. This stage comprises the following main activities: • To collect reliable and timely information from the different areas; • To lay down the strategy for the identification of risks; • To establish and review risk indicators and limits; • To include recommendations from the risk reports.	**Monitoring and Control**	Monitoring and setting limits and control mechanisms. This phase comprises the following main activities: • To monitor risk indicators; • To monitor the limits established in the risk contingency plan; • To ensure that the indicators and limits are updated and appropriate to the different economic cycles; • To develop control mechanisms and risk alerts; • To perform stress tests based on the definition of risk scenarios; • To monitor the adequacy of the Risk Management System.
Assessment and Quantification	Assessment of all collected information for subsequent submission to consistent and auditable qualitative or quantitative evaluation mechanisms. This stage comprises the following main activities: • To collect reliable and timely data from the different areas; • To lay down assumptions and develop risk measurement models; • To calculate and analyse the impact of the risks identified; • To validate and guarantee the updating and suitability of the risk measurement models. Additionally, to subject them to periodical audits and implement the relevant improvement recommendations, if applicable.	**Reporting**	Data reporting on the results and mechanisms used, whenever the need occurs or according to a periodicity defined by the regulatory bodies or internally. This stage comprises the following main activities: • To draw up reports based on the information provided; • To draw up recommendations for risk mitigation; • To submit reports for review by the Board of Directors and the Executive Committee of the Board of Directors; • To draw up the action plan and responsibilities for risk mitigation; • To promote the disclosure of the reports in a organised manner to the different departments/ units of the Bank; • To monitor the implementation of the activities established in the action plan.

Contingency Planning

In order to address exceptional risk circumstances and in accordance with the results of the strategic/operational control processes for each risk, the Bank establishes a contingency plan which is carried out based on the stipulated indicators and limits, with the aim of guaranteeing the smooth and regular running of its business activities.

Capital and Liquidity	With the aim of putting in place a sound framework and appropriate measures that enable the Bank to safeguard and maintain its business operations and activities in the event of a significant deterioration of its capital and liquidity, the risk management system includes an emergency response planning (contingency planning) and associated contingency mechanisms. The Risk Management Department (RMD) is entrusted with the duty, in coordination with BFA's organisational units responsible for planning, management control and finance, to advise and support the Board of Directors in the setting and approval of the capital and liquidity contingency plan.
Business Continuity Framework	To ensure the smooth functioning of the Bank's activities in contingency scenarios and to mitigate the resulting potential losses, the Bank prepares a business continuity management framework, including a Business Continuity Plan, in accordance with the requirements of the National Bank of Angola.

Risk Profile

BFA's capacity to assume inherent risks and setting risk tolerance thresholds determines and drives its operational conduct, business activities and decision-making processes

BFA's Risk appetite is measured through quantitative metrics and qualitative indicators that measure the Bank's exposure, or risk profile, by type of risk. The Risk Appetite Framework aims to comply with the strategy of maximising value for the Customer and other Stakeholders, protecting the organisation's soundness through rational and robust risk management.

For the establishment and management of risk appetite, the Board of Directors discloses the action guidelines, or qualitative statements, which demonstrate the position and expectations of the Management Body with regard to the relevant risks that may affect the business activity, and which shape and determine BFA's comprehensive business strategy.

Risk Mapping / Materially Relevant Risks

The risk profile self-assessment occurs annually and is the cornerstone of that year's risk management. In 2022, this process began with the definition of materially relevant risks, extended to almost all of the Bank's departments and presented a qualitative aspect (launching of questionnaires for BFA's functional structures), and a quantitative dimension.

Business Risk and Strategy	Credit Risk	Concentration Risk	Operational Risk	Reputational Risk
Capital Adequacy Risk	Funding and Liquidity Risk	Market Risk	Sovereign Risk	ESG Risk*

* In comparison with the previous year, the ESG risk was included in the analysis & assessment, as it is an emerging risk, however it will be necessary to establish the ESG strategy, and through the outlined ESG strategy to assess its inherent risks and impacts.

Threshold, Monitoring and Control Systems

Following the assessment of materially relevant risks, and based on the qualitative statements, the metrics that best categorise the risks and the threshold system are established - appetite for risk thresholds or statements - which express, in quantitative and qualitative terms, the maximum risk exposure that the Bank is willing to assume.

Compliance with the risk appetite thresholds is subject to ongoing monitoring. The risk management function in control activities must report at least monthly to the Board of Directors and its specialised risk committee on the adequacy of the risk profile to the authorised risk appetite.

On a quarterly basis and with greater attention being given to details, the overruns and non-compliance cases concerning the risk appetite statement are reported to the abovementioned management bodies and their disclosure is complemented with relevant data on the causes that triggered such overruns and/or non-compliance cases, an appraisal of how long the overruns will remain in place, as well as a proposal for actions to rectify the overruns/non-compliance to be submitted for analysis and assessment by the Board of Directors. As previously stated, BFA is focused on maintaining a medium-low risk profile across the different risks.

Risk Classification

In accordance with BNA Notice No. 11/2014, BFA has laid down the following classification criteria according to the applicable risk levels for new operations:

- Level A (Minimum Risk): operations undertaken by the Angolan State;
- Level B (Very Low Risk): remaining credit operations.

Exceptionally, if considering the characteristics of the borrowers and the nature of the operations, other loans may be classified in risk levels A and B. These cases require the approval of the Board of Directors or the Executive Committee of the Board of Directors.

BFA does not grant loans with a risk classification above B. With regard to loans granted to retail customers, BFA requires another additional participant (Joint Surety) with proven income/earnings, with the exception of protocols made with companies.

The review of the credit classification in progress and corresponding provisioning is performed in accordance with BNA Notice no. 11/2014, with the minimum monthly frequency.

Decision-Making Bodies' Resolutions

- The resolutions of each decision-making body constitute collective decisions of the members that comprise it, and are recorded in minutes and signed by all participants;
- The decision-making shall be by unanimity. In the event of unanimity not being achieved, the proposal shall be submitted to the decision-making body at the next higher level;
- Members of a decision-making body who have a direct or indirect interest shall be excluded from taking part in the discussion and decision of any operation, and the respective decision shall be submitted to the higher level.

Decision-Making Validity

- Decisions on credit matters are valid (for formalisation) for 90 days and are always communicated to the Customer;
- All decisions provide for a maximum time limit for the use of credit or for the issue of a guarantee, which, in case of omission, is considered to be 30 days after the signature of the contract.

Credit Risk

Credit risk corresponds to the risk of loss due to customers' non-compliance with their contractual obligations. Additionally, this type of risk may also arise when there is concentration on only one counterparty, industry, product, geography or maturity.

Credit Risk Management System Governance

BFA's Board of Directors (BoD) assumes ultimate and overall responsibility for the credit risk management system, setting, supervising and ensuring the application of a risk management framework that ensures the effective and prudent management of exposure to such risk - in its different dimensions and concerning the Bank's different products, services and activities. The Board of Directors is also entrusted with the task of setting the overall risk-taking strategy, including measurable goals in terms of the risk level sought to be assumed, the profitability to be achieved, as well as formalising and approving the Bank's credit risk appetite.

Within the scope of the delegation of powers given by the Board of Directors and with the objective of ensuring independence in the credit risk management process and increasing the level of specialisation/ knowledge, the Executive Committee of the Board of Directors (ECSC) created the Credit Council, with credit decision-making powers.

The Board of Directors has also delegated powers to the Risk Committee to establish and monitor the thresholds laid down within the scope of this Policy.

Credit Risk Management Processes

BFA's credit risk management policy aims at maintaining, at all times, an appropriate relationship between risk and profitability, as well as the ongoing assessment of the established risk profile. The implementation of credit risk management processes is aimed at ensuring that the Bank optimises its risk-adjusted profitability, safeguarding that the risk assumed does not exceed the tolerance levels defined according to the Bank's risk profile.

In particular, the credit risk management cycle enables the Bank to know and control its credit risk profile, regardless of the operation's life cycle stage: (i) granting, (ii) monitoring, or (iii) credit recovery.

Credit Granting	Customer Segmentation	Economic Risk Groups	Analysis and Decision-Making	Credit risk mitigation tools	Rating and Scoring models	Data Reporting	
Credit Monitoring	Customer Monitoring Model	Credit Portfolio Monitoring	Credit Risk Threshold System	Credit impairment	Stress Tests	Credit Concentration	Data Reporting
Credit Recovery	Credit Recovery Model	Data Reporting					

Each of these credit risk life cycle stages is outlined in BFA's internal regulations, which allow for an accurate and appropriate risk management.

Data Reporting and Information Disclosure

BFA's credit risk management system is based on an information structure that ensures the periodic distribution of control and monitoring reports on the Bank's exposure to the credit risk.

The Risk Management Department reports to the management bodies on a monthly basis on the credit risk exposure, including analyses of the loan portfolio quality, as well as on other risk quantifications performed and on the results of risk-taking scenarios or stress tests.

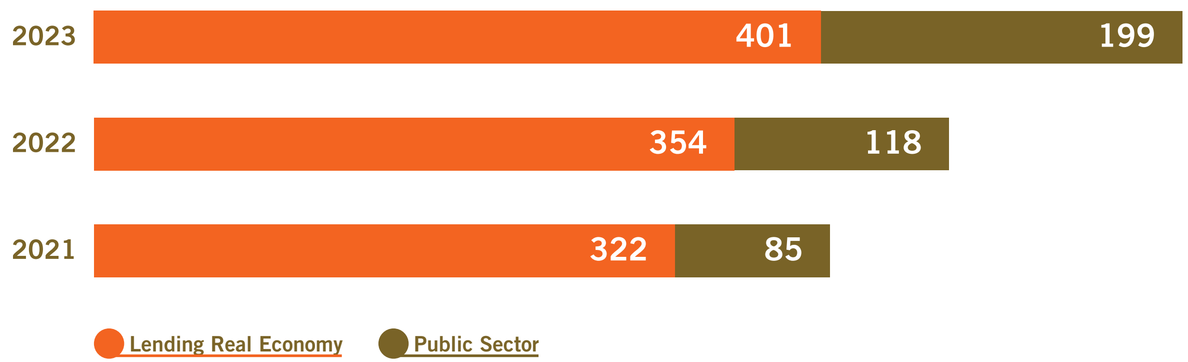
Financial support for Households and Businesses boosted in 2023

In 2023, Gross Loans to Customers rose by 28% YoY, amounting to AOA 603.7 billion (compared to AOA 471 billion in 2022).

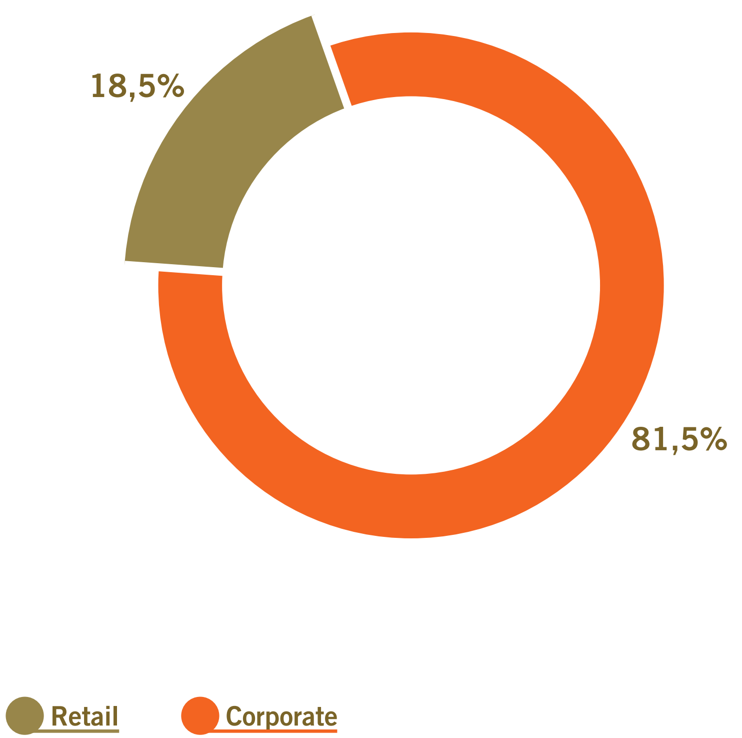
In addition to the growth recorded in gross loans to customers, lending to the real economy also increased by approximately +14%, accounting for 67% of the total gross loan portfolio.

Gross Loans to Customers

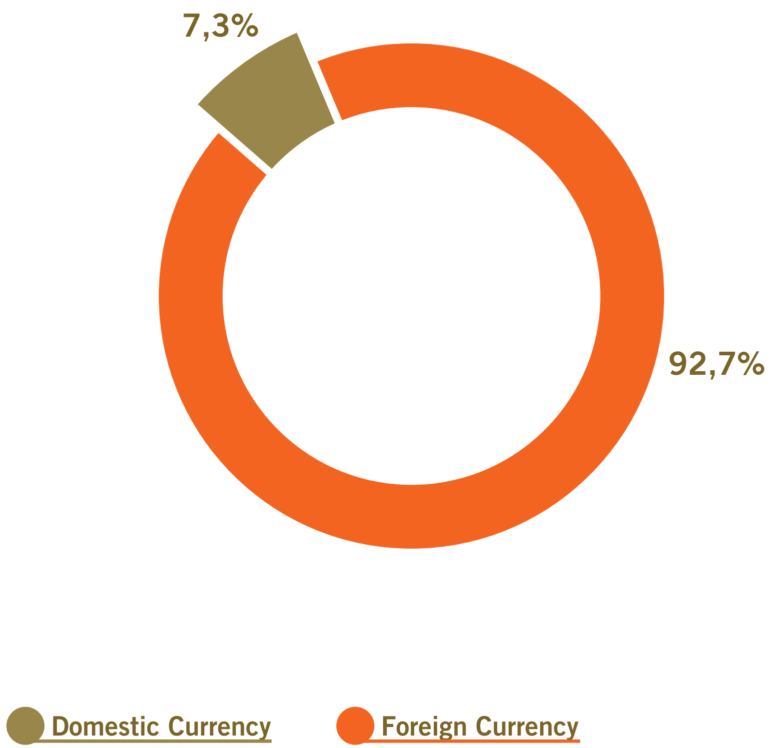
AOA, BN



Breakdown of Gross Loans Portfolio by Customer Category



Breakdown of Gross Loans by Currency



The breakdown of the gross loans by customer category indicates that approximately 81.5% of the credit is granted to companies and the remaining 18.5% to retail customers.

Gross Loans in domestic currency accounted for approximately 92.7% of the heading ‘Gross Loans to Customers’ in 2023. The remaining 7.3% represents loans in foreign currency, mainly loans to the central government and exporting companies.

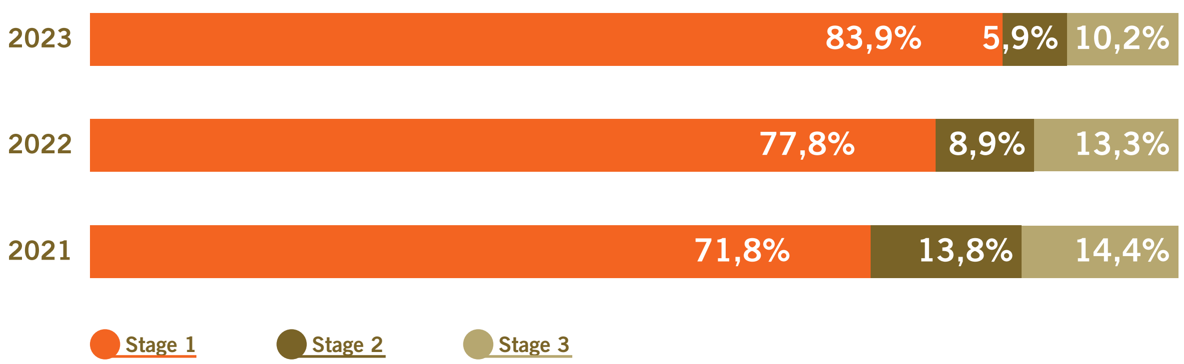
Improvement of the Loan Portfolio Asset Quality

In 2023, the loan portfolio asset quality experienced a noteworthy improvement, driven by a strategic growth in new loans and the efficient management of loans at risk of default, leading to a significant decrease in non-performing loans (NPLs).

A major contribution to this improvement was provided by the development of an in-depth and comprehensive self-assessment of its internal capacity to identify and manage non-productive credit exposures, which includes not only an assessment of its internal processes, standards and human and technical resources in this area, but also a thorough analysis of the non-productive credit exposures portfolio development and performance.

Gross loans portfolio is broken down between impairment stages, as follows:

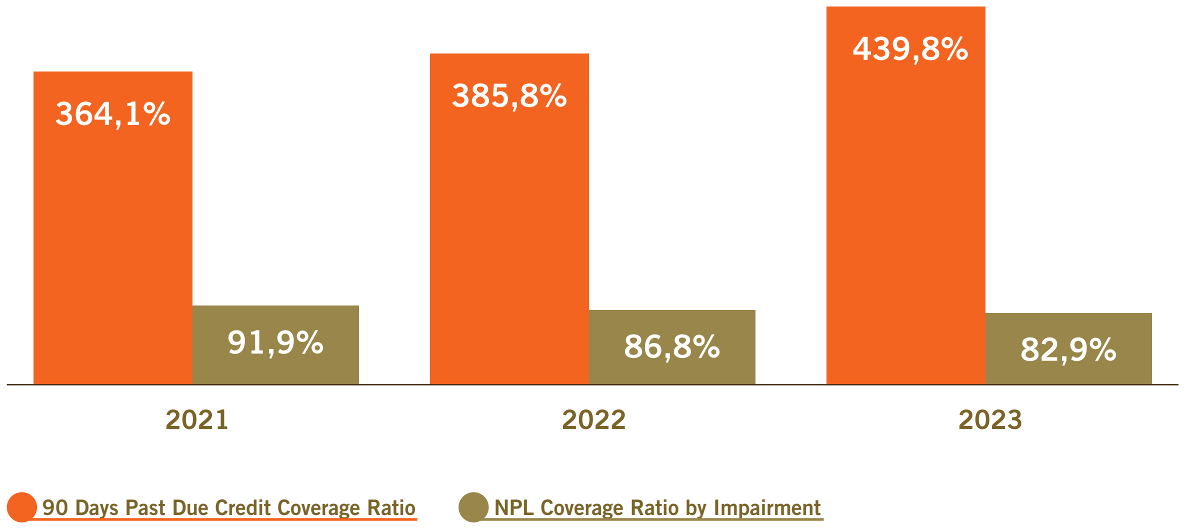
Breakdown of the gross loans portfolio by impairment stage



The Loan Portfolio Asset Quality recorded a major improvement during 2023 with the recovery of 30 days past due loans, as can be concluded from the decrease recorded in the Stage 3 loan ratio, down from 13.3% in 2022 to 10.2% in 2023. NPL coverage ratio by impairment fell to 82.9%, against an NPL coverage ratio by impairment of 86.8% recorded in 2022.

Overdue Credit Coverage and NPL Coverage Ratio by Impairment

In 2023, BFA recorded appropriate coverage ratio levels concerning the 90 days past due credit (overdue loans with more than 90 days) as well as the non-performing loans (NPL). The NPL coverage ratio by impairment drop is associated with a decline in the NPL amount YoY, which had a higher level of coverage by impairment.



Balance Sheet Risks

Balance sheet risks are those resulting from mismatches between assets, liabilities and off-balance sheet items in the Bank's portfolio. These comprise liquidity risk, interest rate risk and exchange rate risk.

Balance Sheet Risk Management System Governance

The Governance Model established for the Balance Sheet Risks Management takes into consideration the following structuring principles: (i) the Board of Directors is globally responsible for maintaining and supervising an appropriate governance of the balance sheet risks; (ii) the Bank adopts an organisational structure consistent with the principle of the three-lines of defence model.

Liquidity risk management is performed in the first line of defence by the Financial & International Department (FID), and in the second line of defence by the Risk Management Department - Balance Sheet Risks Area (RMD-BRA).

BFA has positioned itself in a privileged position with regard to the financing of its business activities and operations, as a result of a particularly conservative, sound and prudent management of its capital liquidity levels. By ensuring a stable, secure and sufficient liquidity position, based on an adequate level of capital reserves, the Bank maintains high liquidity ratios and monitoring levels.

Compliance with the daily liquidity gap threshold established in local currency is ensured by the Financial & International Department (FID). This threshold consists of the difference between inflows and outflows of funds in local currency that occur on one day, taking into account compliance with the Mandatory Reserves.

The Risk Management Department - Balance Sheet Risks Area is responsible for implementing methodologies, processes and activities to monitor and control balance sheet risks, for assessing the main liquidity risk indicators, for carrying out stress tests and also for implementing the Internal Liquidity Adequacy Assessment Process (ILAAP).

Balance Sheet Risk Management Processes

The implementation of balance sheet risk management processes is aimed at ensuring that the Bank improves its balance sheet structure, safeguarding that the risk assumed does not exceed the tolerance levels established in accordance with the risk profile.

BFA's balance sheet risk financial management is supported by a set of documentation handed out to the different management bodies:

- Daily information with a summary of the domestic and international markets data, as well as the main daily movements and operations;
- Reporting to the Financial Committee, with a retrospective weekly summary report of the main national and international markets;
- Daily report of the regulatory foreign exchange position, sent to the Finance and Risk Portfolios Directors, with an indication of the accumulated gap by foreign currency;
- Monitoring of Early Warning Indicators (EWI) to track and assess the Bank's liquidity position - during the 2021 financial year no breaches or shortfalls in the Early Warning Indicators were identified, no activation of the liquidity contingency plan was required;
- Report on the monthly development of the Deposits from Customers and other Loans volatility and daily monitoring of the liquid assets development and counterparties' thresholds;
- Report on Integrated Risk Management, with monthly analysis of the key indicators and liquidity risk thresholds, carried out by the Risk Committee and the Board of Directors.

Liquidity Risk

Liquidity Risk is a materially relevant risk and arises from the Bank's inability to meet its financial liabilities when they become due.

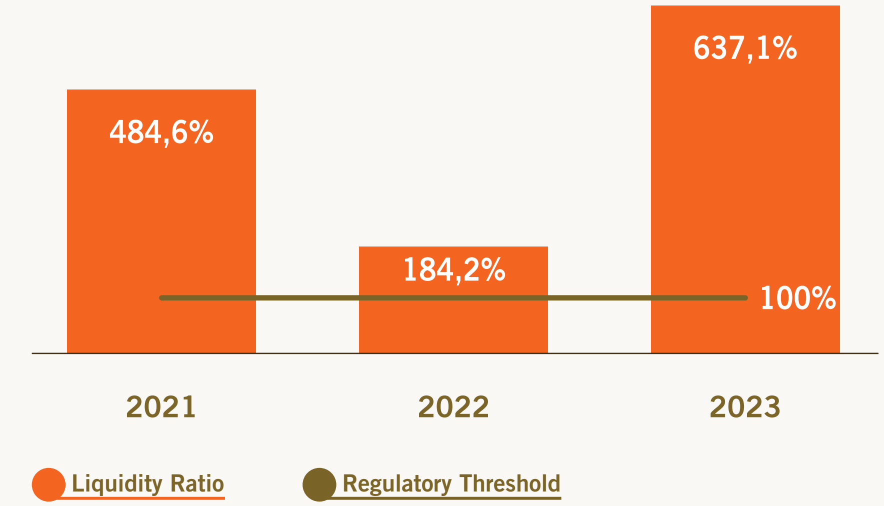
Regulatory developments pose challenges in maintaining a stable liquid asset base

In 2023, in line with the previous year, the volatility of liquid assets persisted, leading to increased monitoring of liquidity ratios. Highly liquid assets that were once easily convertible into cash, namely sovereign debt securities eligible as collateral with the BNA, regardless of their maturity, now exhibit higher volatility, and only securities with a residual maturity of 30 days are considered liquid assets.

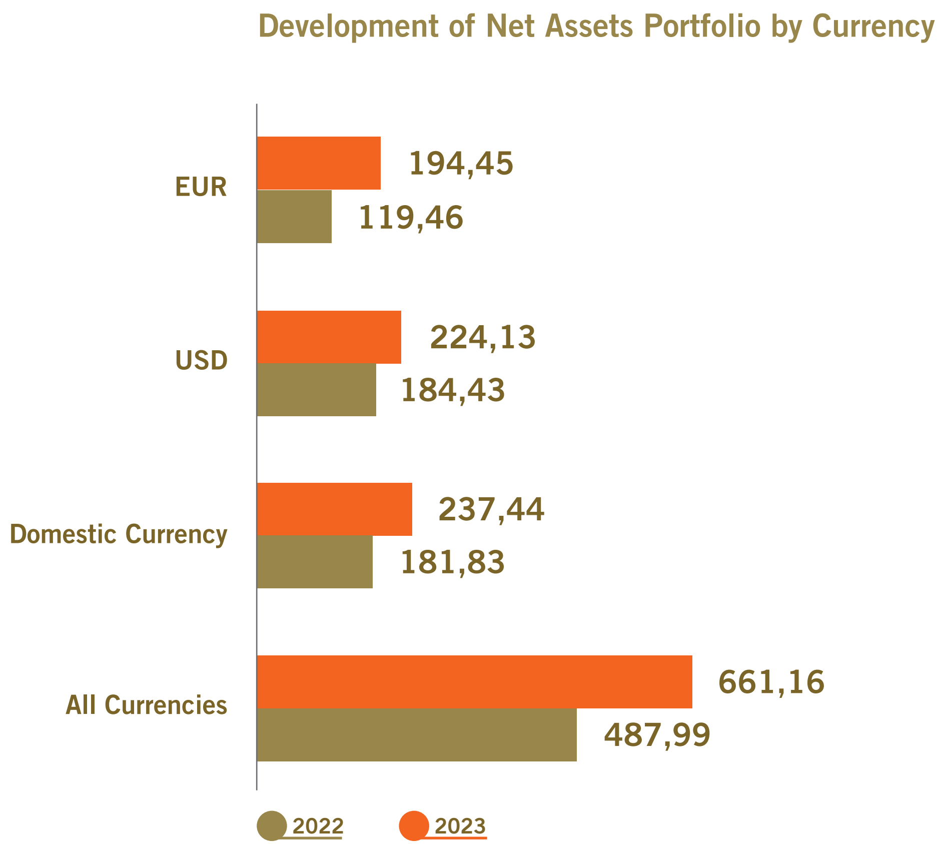
The high level of liquid assets recorded in 2023 and the Bank's correct management of cash inflows and outflows, even after a decrease in the Liquidity Ratio experienced in 2022, have allowed this key performance indicator to improve noticeably and remain above the regulatory threshold (100%). It is worth highlighting the reinforcement of liquidity management given the adverse economic environment and restrictive monetary policies.

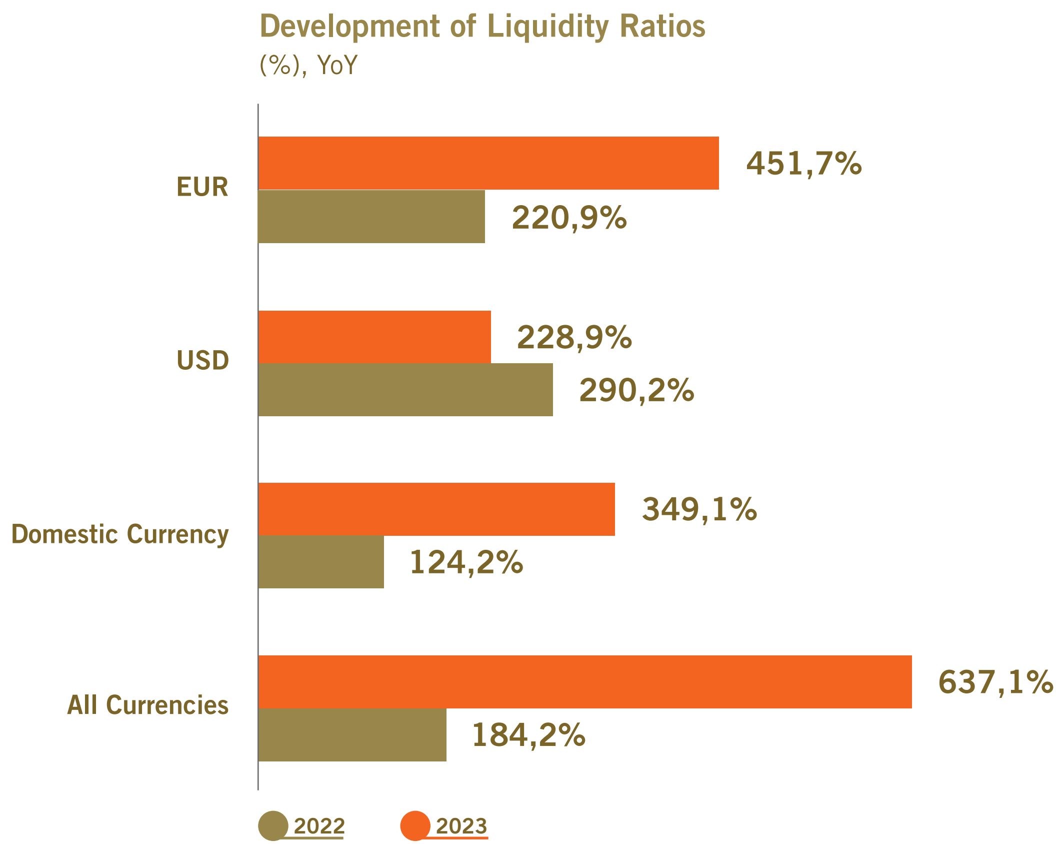
Liquidity Ratio

All currencies



To perform a better analysis of both headings, we present hereafter the development of the Net Assets Portfolio by Currency and Liquidity Ratios for 2022 and 2023.





BFA continues to comply with all regulatory ratios. However, the challenge of maintaining an adequate liquid asset structure is complex. The best available solution is to invest in cash balances, which besides not being a profitable investment, are also costly if they are held at the Central Bank (via a custody fee). The custody fee was terminated by the National Bank of Angola in November 2023.

Internal Liquidity Adequacy Assessment Process (ILAAP)

The Internal Liquidity Adequacy Assessment Process (ILAAP) is considered a key assessment tool for risk management and for the internal measurement and setting of liquidity needs.

Within the scope of this process, the Bank analyses and assesses a wide range of qualitative and quantitative information, aimed at setting a framework for managing liquidity risk in accordance with its risk profile, and in accordance with the guidelines set out by the regulatory authority (BNA).

The methodology followed in the ILAAP process includes the Bank's distinctive organisational and operational features, such as: business and governance model, internal controls implemented and their monitoring, the financial institution's size and complexity, market conditions, and regulatory obligations established for the Angolan market.

The following key elements stood out during 2023:

- The concentration of the financing sources is justified by the restricted funding sources available, with almost all the Bank's assets portfolio being financed through Deposits from Customers and other Loans;
- Mild decrease in the Loan-to-Deposit Ratio, still remaining at levels that prioritise liquidity over profitability, mostly resulting from the reduced investment options available on the national market, mainly for foreign currency short-term investments.

Foreign Exchange Rate Risk

The Foreign Exchange Risk is a materially relevant risk arising from movements in exchange rates, which is caused by exchange positions arising from the existence of financial instruments denominated in different currencies.

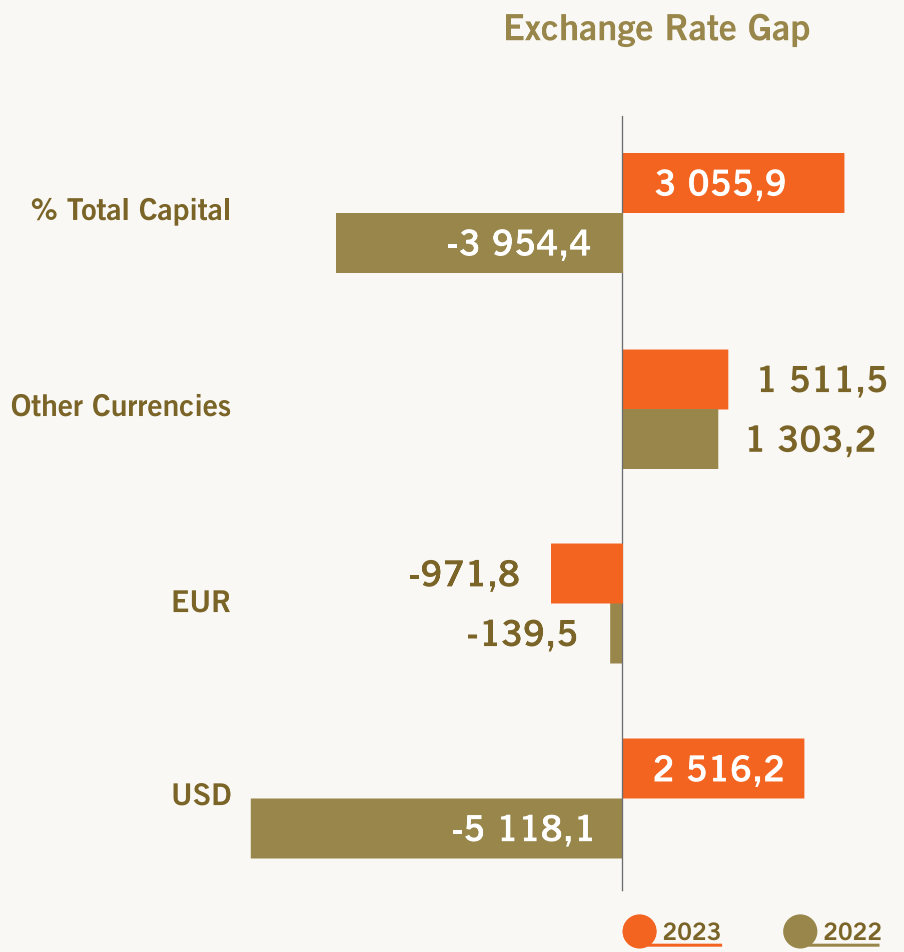
A decrease of the exchange rate gap due to the volatility of the exchange rate trends

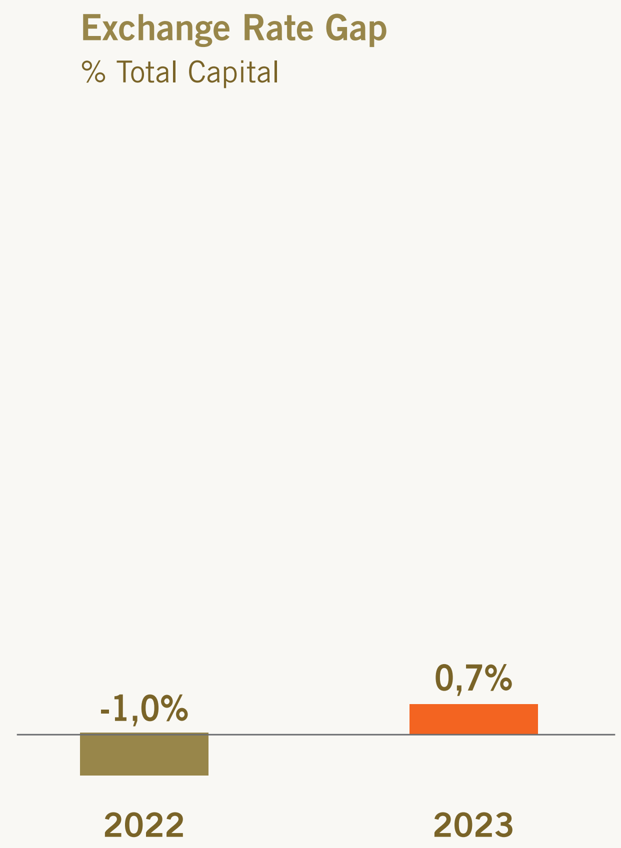
BFA actively strives to control its comprehensive risk in a particular thorough manner and to this end it maintains its asset and liability positions within the approved mandatory thresholds for each currency.

The Financial and International Department (FID) and the Balance Sheet Risk Area (BRA), both under the aegis of the Risk Management Department (RMD), are responsible for managing foreign exchange risk. The FID also ensures that the exchange rate gap does not exceed the established thresholds. Simultaneously, the Risk Management Department is entrusted with the following functions and duties:

- To implement methodologies, processes and activities for monitoring and controlling balance sheet risks;
- To assess the key indicators of exchange rate risk;
- To ensure the drawing up of stress tests for Foreign Exchange Risk.

In H1 2023, the national currency Kwanza recorded a sharp depreciation while foreign currencies appreciated accordingly, while witnessing a slight depreciation in H2 2023. Considering the volatility underlying Foreign Exchange Rates trends, BFA significantly reduced the exchange rate gap between assets and liabilities sensitive to exchange rates. The breakdown of the exchange rate gap by currency and according to regulatory Total Capital, is presented hereunder (AOA millions).





Similar to the previous year, in 2023 the exchange rate gap is less than 2% of the Regulatory Total Capital, which means that it is exempt from the establishment of capital requirements to cover exchange rate risk. In 2022, BFA took a short currency position due to the depreciation of foreign currencies, and over the course of 2023 it reversed to a long forex position due to the high appreciation of foreign currencies.

Interest Rate Risk

Interest Rate Risk is a materially relevant risk and arises from adverse movements in interest rates, resulting in a mismatch in the amount, maturity, or advanced fixing terms of the interest rates, perceived in financial instruments with interest receivable and payable on an accrual basis.

The interest rate gap remained relatively stable throughout the year 2023

BFA's interest rate risk is calculated by categorizing all assets, liabilities and off-balance sheet items belonging to the Bank's portfolio which are sensitive to interest rate fluctuations, according to interest rate reset/repricing periods. Its monitoring is performed on a systematic basis according to the assets and liabilities reset/repricing periods. The purpose of the interest rate risk sensitivity analysis is to assess the Bank's exposure to this particular type of risk and to determine its capacity to absorb and withstand adverse rate changes/fluctuations to which it is exposed.

The foreign currency positions subject to interest rate risk were converted into kwanzas at the official BNA exchange rate on the reporting date. Given the significance of the dollar-denominated positions (also subject to interest rate risk) in the bank's portfolio, it was deemed appropriate to conduct a separate analysis for this currency, using the same principles and assumptions applied for the local currency.

In quantitative terms, as of December 31st, 2023, BFA recorded the following interest rate gaps (amounts expressed in AOA millions):

Amounts in thousand of Kwanzas

	2022	2023	Δ%
Accumulated Impact of Δ +/- 2% Interest Rate on Interest Rate-Sensitive Instruments	-40 966	-51 502	25,7%
Total Capital	407 166	470 143	15,5%
Economic Value Impact	-10,1%	-11,0%	0,9 p.p.
Regulatory Capital Threshold	-20%	-20%	-

It is worth highlighting an increase in the interest rate gap, driven by the increase in the mismatch between interest rate sensitive assets and liabilities, while remaining within the stipulated regulatory capital threshold.

Amounts in thousand of Kwanzas

	2022	2023	Δ%
Accumulated Impact of Δ +/- 2% Interest Rate on Interest Rate-Sensitive Instruments up to 1 Year	-1 925	-134	-93,1%
Net Interest Income	216 176	246 935	14,2%
Net Interest Income Impact	-0,9%	-0,1%	0,8 p.p.

By analysing interest rate sensitive assets and liabilities with residual maturity or repricing up to 1 year, we can perceive a decrease in the interest rate gap, concluding that there is a greater alignment between interest rate sensitive assets and liabilities.

Operational Risk

Operational Risk is described in the Bank's Risk Taxonomy as the "risk arising from the inadequacy of internal processes, individuals or systems, the possibility of fraud materialisation (both internal and external), as well as due to the potential ocurrence of other external events", and it comprises the following:

- Information Systems Risk - Risk arising from the inadequacy of information technology systems in terms of processing, integrity, control, availability and continuity, arising from inappropriate use or strategies.
- Compliance and Conduct Risk - Risk arising from breaches or non-compliance with laws, rules, regulations, contracts, prescribed or generally accepted practices, and ethical standards.

Operational Risk Management System Governance

Operational risk is inherent to all products, activities, processes and systems, in all business and support areas. Therefore, all personnel are accountable for managing and controlling operational risks generated within the scope of their activities.

The main purpose in terms of control and management of operational risk is to identify, assess, measure, monitor, mitigate and report on this risk. The identification and mitigation of risk sources is a top priority for BFA, regardless of whether or not they have originated actual losses.

The responsibility for the daily management of operational risk lies with the 1st Line of Defence, with special relevance for the areas of operations and process owners, whose mission is not only to manage processes from the point of view of operational effectiveness/efficiency, but also to capture and categorise operational losses within the scope of their processes, to monitor the respective Key Risk Indicators, as well as to identify and implement suitable actions to mitigate exposure to operational risk, thereby contributing towards strengthening the control mechanisms and improving the internal control environment.

As a second line of defence and control, the Risk Management Department - Operational Risk Area (RMD-ORA) is responsible for monitoring and controlling operational risk. The RMD-ORA collects event occurrences, assesses and classifies them, as well as sets out and implements measures (action plans) to eliminate or mitigate the most relevant ones. In addition, the overall monitoring of BFA's exposure to operational risk is ensured through the monitoring of risk indicators and thresholds.

The implemented methodology guarantees alignment with the best corporate international standards and practices, assuming the main purposes:

- To boost the implementation of a true risk culture within BFA;
- To identify and qualitatively assess the risks and controls associated with the Bank's processes;
- To foster the centralised collection of events considered to be operational risks;
- To set and monitor key risk indicators (KRI);
- To ensure the drafting, maintenance and operationalisation of relevant policies related to business continuity management;
- To assess and determine BFA's exposure to operational risk and report periodically to the various stakeholders, namely the Board of Directors, the Executive Committee of the Board of Directors, and the Risk Committee;
- To boost the definition and monitor the implementation of action plans to mitigate operational risk. In addition, it is underpinned by the involvement of all the Bank's staff members in the effective management of this type of risk, by supporting the RMGR-ARO in assessing the risks existing in their business activities and in identifying and reporting in a timely manner any operational risk events that they may come across in the course of performing their duties.

For the purposes of calculating total capital requirements and in terms of covering operational risk, the Bank uses the Basic Indicator Method provided for in Instruction No. 17/2016 of the National Bank of Angola (BNA).

Instruments for the Identification and Assessment of Operational Risk

With respect to the identification, measurement and assessment of operational risk, various quantitative and qualitative instruments were established, which combined enable to perform an operational risk analysis and assessment.

Quantitative analysis is fundamentally performed through instruments that provide data on the potential level of losses associated to operational risk events, namely:

- Internal events database, whose purpose is to record operational risk events, with or without possible accounting impacts. Additionally, there are accounting reconciliation processes that guarantee the quality of the information included in the database;
- Prior mapping of risks and controls, for an assessment of the residual risk of business processes, which enables potential risks to be anticipated, through the identification and implementation of controls that mitigate them. At certain intervals, processes are assessed with regard to their risk level and the efficiency of the controls implemented;
- Stress tests, with the definition of risk factors and quantification of the shocks' magnitudes and direction, as well as their impact on certain indicators, namely: Assets, Liabilities, Net Profit, Total Capital, Total Capital Ratio and Liquidity Ratio.

Ongoing improvement and adaptation of operational risk management tools underpin FY2023

In 2023, the operational risk management processes were improved through the mapping of risks and controls for the processes considered critical, increasing and improving the recording, assessment and monitoring of operational risk events that feed the Operational Risk Events Database and the setting of Key Risk Indicators that play an important role in the identification of potential risks. Concerning 2024, it is envisaged that there will be greater awareness among Team Members of the operational risk in the performance of their duties and subsequent communication of events associated with this type of risk.

Capital and Solvency Risk

Solvency Risk emerges from the possibility that the Financial Institution does not have a sufficient level of capital to deal with unexpected future losses resulting from its business activity.

Capital Risk Management System Governance

With a view to ascertain the level of capital, BFA calculates the Total Capital Ratio and Total Capital Requirements. This management is guaranteed by the Global Risk Unit of the Risk Management Department, in strict compliance with the regulatory provisions and requirements laid down by the National Bank of Angola (BNA).

The Risk Management Department is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP) and stress tests, performed by the financial institution with the regularity established by law.

BFA also sets out the risk appetite statement (Risk Appetite Framework and Risk Appetite Statement) concerning Total Capital Risk and incorporates, whenever applicable, the metrics, internal thresholds and tolerance levels adequate to the Bank's strategy.

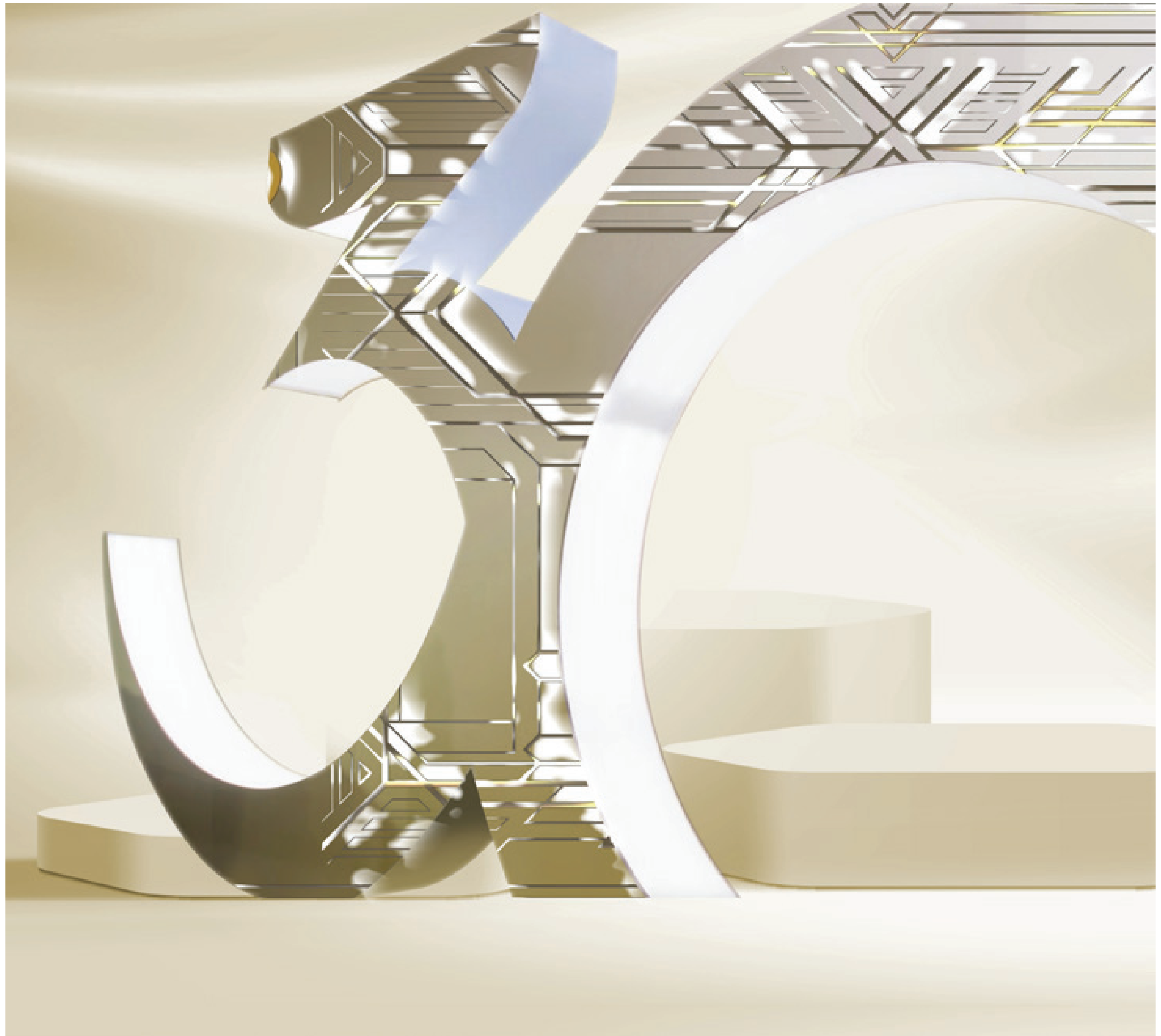
Upholding high levels of Capital soundness but with a view to the challenges of the future

Within the scope of the supervisory equivalence project, in 2021 Banco Nacional de Angola published Notice no. 8/2021 dated 5th July, which sets out the rules for calculating Total Capital, Tier 1 Capital (Tier 1) and Common Equity Tier 1 (CET1).

A set of technical regulations were also published that complement Notice 8/2021 and provide for the calculation of minimum capital requirements for Pillar 1 risks. In Q1 2022, the new regulatory requirements came into force, with transitory provisions for Central Government and Financial Institutions in terms of the calculation of Capital Requirements and Prudential Limits for Large Exposures.

Analysing the new capital requirements and considering the transitory provisions until 2027, the latter in 2023, still have no significant impact in the calculation of capital ratios, leading BFA to consolidate its position as one of the most sound and robust financial institutions in the Angolan Financial System, notwithstanding the strengthening of capital requirements and capital reserves to accommodate unforeseen events or challenging scenarios. BFA's minimum Total Capital Ratio is 23.2%, but over the course of 2023 reported Total Capital Ratios in excess of 40%.

Starting in 2024, there are new amendments being made to the transitional provisions applicable to sovereign exposures in foreign currency at the Large Risk Group Level. These are no longer exempt, and their exposure is now considered at 50% for the purposes of calculating the prudential thresholds for Large Risks, with their exposure being limited to 25% of regulatory Total Capital. Financial institutions will no longer have their risk exposure deducted by 80 per cent, but by just 50%. As a result, the Commercial Banks' business model will have to be reviewed if they want to fulfil the regulatory ratios from 2024 onwards.



Notwithstanding the effort that the Banks may be required to undertake, it is important to highlight that almost half of the "Deposits from Customers and other Loans" in the Financial System are in foreign currency and the current investment options are limited, so it will be important to assess the regulatory impacts and the available investment market opportunities.

Amounts in thousand of Kwanzas

	2022	2023	Δ%
Total Capital	404 825 397	470 142 948	16,1%
Regulatory Capital	74 499 574	88 547 099	18,9%
CET1 Ratio	44,0%	42,6%	-1,4 p.p.
Tier 1 Ratio	43,5%	42,5%	-1,0 p.p.
Total Capital Ratio	43,5%	42,5%	-1,0 p.p.
Leverage Ratio	24,8%	22,4%	-2,4 p.p.

Internal Capital Adequacy Assessment Process (ICAAP)

As far as Capital levels and adequacy is concerned, the Bank performed in 2023 the Internal Capital Adequacy Assessment Process (ICAAP) with reference to December 2022. This process also highlights BFA's capital soundness, stability and strength, considering that its risk-taking capacity is much higher than the risks to which the Bank is directly exposed. On the one hand, this process demonstrates BFA's capital soundness, stability and strength, and on the other hand, a medium/low risk profile, which enables the Bank to remain as one of the soundest financial institutions within the Angolan financial system, preserving the Shareholders' Equity and ensuring a balance between the Return-on-Equity (ROE) and the risk assumed.

Compliance Risk

The Compliance Risk is understood as the probability of the occurrence of events that may imply the imposition of legal or regulatory sanctions, with negative impact on the Institution's reputation, results or capital, as a consequence of violations or non-compliance with laws, rules, regulations, codes of conduct, established practices or ethical principles that regulate the Financial Institution's operations and business activity.

The effective identification, management, and mitigation of Compliance Risks are a key factor for managing the institution's reputational risk, since they are one of the main cornerstones of the Bank's operations and business activities.

With BNA's increasing regulatory demands as well as of other national and international authorities with regard to the control and monitoring of Customers and Transactions, BFA currently regards the management of Compliance Risk as one of its top strategic priorities in the short and medium term.

As far as the financial year 2023 is concerned, BFA's short- and medium-term Compliance Risk Management Strategy is based on the outlined key strategic elements.

Compliance Risk Management System Governance

The Compliance Risk Management Governance Model is managed based on the following structure:

Board of Directors					Supervisory Board	External Auditor	Regulatory Authority/ Supervisor
Executive Committee	Risk Committee	Audit and Internal Control Committee	Internal Audit Compliance	Governance, Nominations, Evaluation and Remuneration Committee			

1st Line of Defence			2nd Line of Defence		3rd Line of Defence
Front Office	Middle Office	Back Office	Risk Management	Compliance	Internal Audit

Identification	Assessment	Monitoring	Control	Reporting
Identification of the elements and framework according to the risks affecting the Bank's business activities.	Qualitative and quantitative assessment of the risks, their probability of occurrence and their impact if they materialise.	Setting indicators to monitor the risk profile.	Setting up duties and powers, regulations and monitoring procedures frequency, implementation of mitigation and control measures.	Information reporting

Key Strategic Challenges	Key Strategic Goals	Corporate Values
• Promotion of the Compliance Culture. • Improvement and adjustment of AML/CTF/PWMD risk management tools. • Compliance Risk Management	• Enhancement of Internal Controls through Operational Compliance Risk Management Tools; • Strengthening of AML/CTF controls.	• Accountability. • Integrity and professionalism. • Caution.

The BFA has implemented and enforces the compliance with the regulatory framework provided by the BNA and CMC with respect to the Corporate Governance and Internal Control regulations, being the latter focused on the Compliance Risk management standards in its regulatory component as well as in terms of AML/CTF.

Additionally, with a view to make its system sounder and more resilient, the Bank has adopted and tailored a set of internationally recognised and accepted key concepts, namely the recommendations issued by the Basel Committee on Banking Supervision and the Financial Action Task Force (FATF).

The Compliance Department, acting as the Bank's 2nd Line of Defence, provides support to the Board of Directors, the Bank's operations and business activities by monitoring the management of this risk to ensure that the Bank's operations and its business activities are performed in compliance with the legal requirements and with proper mitigation measures in order to avoid any non-compliance event or scenario that may materialise in the form of penalties/sanctions and a negative Reputational Risk.

Compliance risk management stages and implementation scheme

For risk management, there are duly identified and separated stages, as detailed hereafter.

To ensure legal and regulatory effectiveness for mitigating compliance risks and the subsequent implementation of its controls, there is a minimum set of special matters that is implemented in a cross-sectional manner throughout the entire organisational structure by means of Policies, Regulations and Rules of Procedure, as described hereunder:

Money Laundering and Terrorist Financing Risk

Over the course of 2023, BFA focused its corporate endeavours on assessing and improving internal control processes, carrying out a comprehensive review of its policies and making the necessary adjustments in order to be more closely aligned with international regulations and best corporate practices associated with AML/CFT/PWMD risk management.

Risk Management Processes of AML/CFT/PWMD

Identification and Due Diligence

BFA adopts regulatory applicable measures for identifying and conducting due diligence on its customers, suppliers, and all other entities prior to establishing a business relationship, and throughout the entire course of the commercial relationship. The “Know Your Customer” (“KYC”) methodology is the cornerstone of AML/CFT/PWMD risk management.

Identification and due diligence measures are carried out upon acceptance of the Customer, guaranteeing a set of information necessary to determine the Bank’s interest, namely:

- In establishing the business relationship with the Customer;
- In maintaining the business relationship with the Customer;
- In assessing and deciding whether to end a business relationship.

In the process of accepting and maintaining the business relationship with the Customer, BFA considers three distinct phases for risk management, which can be broken down as follows:

Phase 1 - Customer Acceptance:	Phase 2 - Account Opening:	Phase 3 - Monitoring and Maintenance:
• Identification; • Checking; • Source of income/wealth or origin of funds.	• Screening against lists of sanctions/restrictive measures; • Assessment of High-Risk Criteria.	• Additional information and checking; • Collecting Publicly Available Information; • Approval.

During the Customer Acceptance phase, the KYC process is carried out, which generally includes the following actions:

Phase 1 - Customer Acceptance		
Identification: • Process through which sufficient information regarding the identity of the Customer is gathered and screened against the sanctions and PEPs lists.	**Checking:** • The process that aims to ensure that the identification information is valid and credible.	**Source of income/ Origin of funds:** • Process that involves understanding the source of income, source of wealth and origin of funds in the Customer’s account and/or funds used in an operation.

Reporting of Unusual/Suspicious Operations/STRs

During the Customer Due Diligence process, with respect to their transactions and within the scope of the duties assigned and entrusted to each Department to check for any unusual behaviour, these must be disclosed to the Compliance Department for proper assessment and reported to the Financial Intelligence Unit (FIU).

When a BFA's staff member becomes aware that a particular transaction is being carried out as part of a professional activity or business relationship, and that such transaction may be linked with Money Laundering (ML) / Financing of Terrorism (FT), it is considered of pivotal importance that the Compliance Officer, submit a Suspicious Transaction Report ("STR") to the Financial Intelligence Unit (FIU).

Accordingly, the Bank prudently, efficiently and promptly identifies cash transactions and suspicious behaviours of its Customers and accurately reports them to the FIU. The duty to report cash transactions to the FIU does not rule out the need to be reported by means of a Suspicious Transaction Report ("STR"), in case of identification of an unusual or suspicious transaction connected with the practice of ML/FT, or any other criminal offence, or by means of a Designated Person Identification Statement (DPIS).

As a result of unusual activities and the subsequent alert raising of a suspicious transaction internally, in 2023, alerts were generated and analysed and, where applicable, have led to the submission of reports to the Financial Information Unit (FIU), which amounted to the following totals:

Amounts in thousand of Kwanzas

	Dec - 22	Dec - 23
Suspicious Transactions Reported to the FIU		
Cash Transaction Report (CTR)	76 223	48 947
Suspicious Transaction Report (STR)	43	107
Designated Persons Identification Report (DPIR)	1	0

Abstention

The Bank has put in place appropriate control measures for its business relationships with its Customers, and therefore conducts a preliminary Customer assessment prior to performing any operation/transaction.

With a view to verify the authenticity of the information provided, as well as the effectiveness of the control measures adopted in terms of AML/CFT, namely, including customer identification, due diligence and information screening, the Bank may decide to abstain as follows:

- When accepting a Customer transaction instructions, operations, when it verifies that their identification elements or account are not up to date;
- When performing an operation there is reasonable suspicion that the transaction may constitute a criminal offense and is likely to constitute a criminal offence.
- In case the Bank suspects that the transactions may be related to AML/CFT/PWMD or any other criminal offence.

Concerning the suspicious operations reported during 2023, the Bank abstained from 5 deposit operations and 1 transfer operation.

Refusal

The Bank reserves the right to refuse the commencement of business relationships or the performance of transactions, in the event of an inability to comply with the identification and due diligence obligations, and may, depending on the degree of its satisfaction, carry out the Refusal at the commencement of the Business Relationship, or the Refusal to Perform the Transaction, or terminate the Business Relationship.

In order to comply with the legal obligation and to guarantee the correct recording and management of the refusal processes within the scope of Money Laundering (ML) / Terrorism Financing (TF), a platform was developed and a Model created and digitally implemented, to be filled out essentially by the commercial teams, and made available on a monthly basis to the Compliance Department, which assesses situations that require additional action, such as the possible reporting of suspicious situations to the authorities. Additionally, the Refusal Processes Standard was created and published.

No refusals were recorded during the year 2023. In addition, the Compliance Department submitted 16 proposals to the Executive Committee for terminating business relationships with Customers, 12 of which were approved and closed.

Cooperation

The Bank abides by the principle of cooperation with the Angolan authorities in all its operational areas. Consequently, it has implemented a procedure that regulates the management of this relevant institutional cooperation.

The volume of requests for cooperation and the provision of information during 2023, is summarised hereunder:

	[1]FIU	[2]AGO	COURT	[3]GTA
Received	64	4 027	4 675	3 138
Completed	64	4 105	4 607	3 132
In proceedings at the closing date of the financial year	0	182	68	6

[1]FIU – Financial Intelligence Unit; [2]AGO – Attorney General's Office; [3]GTA – General Tax Administration

Confidentiality

The Bank and its direct and indirect staff members must respect the principle of confidentiality, since that disclosing information to Customers or to third parties, including the Customer's risk levels, potential monitoring or other general information, as well as concerning the Money Laundering (ML) / Terrorism Financing (TF) management risk, is strictly forbidden. This regulation from a behavioural standpoint is also enshrined in the Bank's Code of Conduct.

Restrictive Measures & "Sanctions"

BFA's internal control programme for the special risk of sanctions is structured to ensure that the acceptance, commencement of relationships, business, product and service offerings, both in terms of payments and account opening processes, are not provided and/or granted in favour of sanctioned entities or countries. Under these terms, it is determined that no financial service shall be provided to sanctioned countries, entities or designated individuals where the prohibition is explicitly stated in the regulations associated with the Lists to which the Bank adheres, where, from the outset, it recognises the following competent authorities (among others):

- **UNSC or ONU**: United Nations Security Council or the United Nations
- **OFAC/SDN**: Office of Foreign Assets Control (US)
- **HMT**: Her Majesty's Treasury (UK)
- **EU**: European Union

2023 Key Developments

In view of BFA's corporate goals set for the financial year 2023, the most important ones are highlighted hereunder:

i. Purchase of a new KYC Due Diligence module licence for counterparties assessment;
ii. Assessment of active and inactive RMAs and SWIFT keys to create counterparty risk management rules;
iii. Configuration in the 'Swift Transaction Screening' platform of the appropriate routing rules for screening ISO 20022 CBP R+ messages;
iv. Assessment of the third-party applicant's screening process;
v. Completion of the AML tool upgrade;
vi. Fine-tuning of the AML tool database vs Central System;
vii. Completion of the support tool enhancements for listing the range of entities subject to due diligence (KYC flag);
viii. Adjustment of the system for automatic identification of PEP quality;
ix. Development of the questionnaire for securities underwriters - CMC;
x. Regulatory Self-Assessment - monitoring of business departments to ensure compliance with current legislation/regulations and to guarantee the implementation of corrective measures;
xi. Start of the review, strengthening and automation projects, namely:
    - Compliance Risk Indicators;
    - Institutional Risk Framework;
    - Products, Services and Distribution Channels Risk Framework.

Institutional Risk Assessment

As a result of this assessment, the Bank was classified with Medium - Low Institutional Risk.

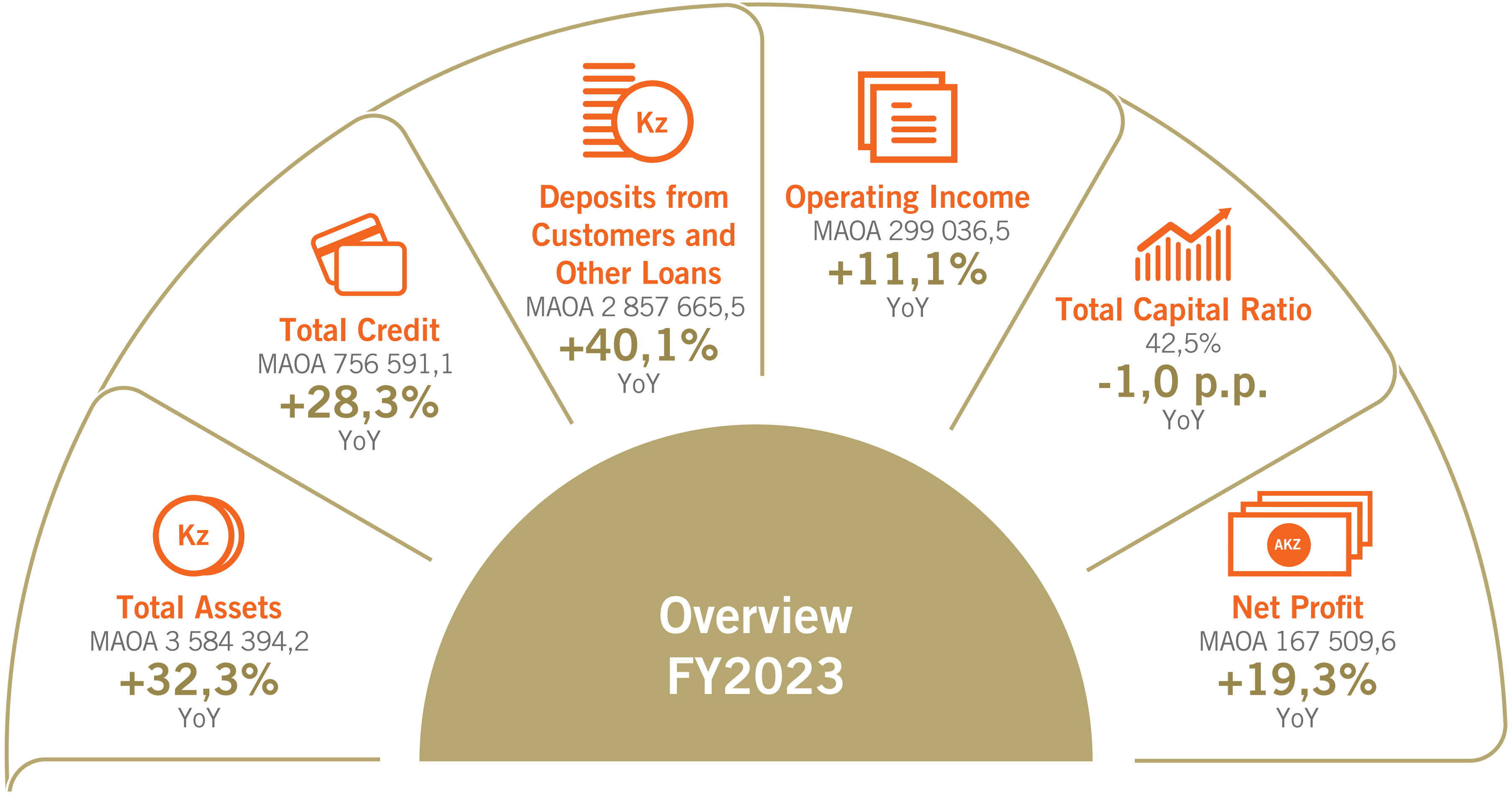
Institutional Risk Assessment	Inherent Risk	Residual Risk
Business Combining Factor	**High**	**Medium-Low**
Institution	High	Medium-High
Governing Bodies	Medium-Low	Low
Business areas, products and services offered	High	Medium-Low
Distribution Channel	Medium-High	Low
Customer Base	Medium-High	Medium-High
Restrictive Measures	High	Low
Operational Combining Factor	**Medium-High**	**Medium Low**
IT Tools and Applications	High	Medium-Low
Reporting with the Relevant Authorities	Medium-High	Low
Reporting of Irregularities	High	Low
Effectiveness Assessment	High	Medium-High
Policies, Processes & Procedures	Medium-High	Low
Human Capital	Medium-High	Low
Reputational Combining Factor	**High**	**Low**
Corporate Culture	High	Low
Public Opinion	High	Low
Fines and Ancillary Sanctions	High	Low

2024's Key Challenges

AML/CFT/PWMD Risk Management and Compliance Tools	Implementation, adaptation and enhancement of the Compliance function's support tools parameter settings; Automation of AML/CFT/PWMD and Compliance risk management processes;
Resolution of High-Risk Recommendations	Reassessment of the algorithms and rules for calculating the Risk Score in the AML tool; Fine-tuning of the DCS Databases and Risk vs. Core Banking; Data Quality - Implementation of campaigns and mitigation measures focused on high-risk customers; Implementation of risk controls for PEP customers and other high-risk customers; Development and implementation of the behavioural model; Reassessment and adjustment of the Customer Risk Assessment model parameter settings; Completion of the assessment process for inactive RMAs; Reassessment of processing controls and analysis of transaction screening; Recording of occasional transactions in the system.
Strengthening of the Compliance Function	Identification, assessment and appropriateness of processes, procedures and controls to prevent the risk of AML/CFT/PWMD and Compliance.
Promotion of the Compliance Culture	Assessment and identification of potential topics/areas for improvement.

5 FINANCIAL REVIEW

Financial Review



The financial year 2023 ('FY2023') was mainly characterised and shaped by a depreciation trend of the national currency against the US dollar, notably experiencing a sharp drop in June 2023, which resulted in a considerable adverse effect on the countervalue of the foreign exchange positions held in foreign currency.

In FY2023, BFA achieved a Net Profit of AOA 167.509,6 million, an increase of AOA 27.054,4 million (+19,3%) YoY. The financial performance experienced is mainly attributable to the 'Operating Income' heading, which rose by AOA 29,980.5 million (+11.1%), underpinned by an increase recorded in Net Interest Income of AOA 30,758.6 million (+14.2%).

BFA's Total Assets amounted to AOA 3,584,394.2 million, an increase of AOA 875,489.4 million (+32.3%) YoY. This positive variation was mainly driven by the increase recorded in Securities Investments (+38.5%), Loans to Customers (+31.8%) and Loans and Short-Term Investments at Central Banks and Other Credit Institutions (+24.2%), leading to an overall increase in these financial assets in AOA 875 489.4 million, thus making a sound contribution to increasing BFA's Net Interest Income.

As for Liabilities, Deposits from Customers and Other Loans amounted to AOA 2 857 665.5 million, up by AOA 817 380.3 million (+40.1%) YoY, a result primarily due to the depreciation of the national currency. This figure accounts for 84.2% of the Total Assets (+2.0%), with Deposits from Customers and Other Loans accounting for 79.7% (+4.4%) of that share.

Equity and Equivalent Capital experienced a significant growth of +17.2% YoY, corresponding to a positive variation of AOA 83,236.5 billion, largely due to the increase recorded in the heading Other Reserves and Retained Earnings (+8%), as well as due to the sharp rise in Net Profit (+19.3%).

As at 30th March 2023, BFA's General Shareholders' Meeting resolved to increase its share capital by incorporating Free Reserves to the amount of AOA 30 billion, having received the appropriate authorisation from the BNA for this purpose, thereby remaining above the minimum threshold requirement provided for in BNA Notice no. 17/2022. As a result, as at 31 December 2023, BFA's share capital amounts to AOA 45 billion and is represented by 9,000,000 shares.

As at December 2023, BFA reported a Return-On-Equity of 32.9%, up by+0.9 p.p. YoY, when compared to the 32.0% recorded in FY2022, as a result of the increase in Equity.

The Total Capital Ratio stood at 42.5%, as calculated in accordance with the regulations published by the BNA, well in excess of the minimum regulatory threshold (8%), hence attesting BFA's financial soundness and the security it provides to its customer base.

Balance Sheet Soundness, Strength and Resilience to Address Future Challenges

BFA Balance Sheet Fy22 – Fy23

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Net Assets			
Cash and Cash Equivalents	450 426,8	598 278,1	32,8%
Total Short-Term Investments	2 196 671,6	2 910 034,2	32,5%
Cash and Balances at Central Banks and Other Credit Institutions	726 047,1	901 502,5	24,2%
Loans to Customers	417 425,6	550 102,8	31,8%
Securities Investments	1 053 198,9	1 458 429,0	38,5%
Other Tangible and Intangible Assets Net of Depreciation and Amortisation	44 804,7	51 177,3	14,2%
Other Assets	17 001,8	24 904,6	46,5%
Total Assets	**2 708 904,8**	**3 584 394,2**	**32,3%**
Liabilities			
Deposits from Central Banks and Other Credit Institutions	3 696,6	28 034,5	658,4%
Deposits from Customers and other Loans	2 040 285,2	2 857 665,5	40,1%
Other Liabilities	129 055,3	75 643,6	-41,4%
Provisions for Risks and Charges	51 578,2	55 524,6	7,7%
Total Liabilities	**2 224 615,3**	**3 016 868,2**	**35,6%**
Equity and Equivalent Capital	**484 289,5**	**567 526,0**	**17,2%**
Total Liabilities and Equity	**2 708 904,8**	**3 584 394,2**	**32,3%**

Total Assets Portfolio

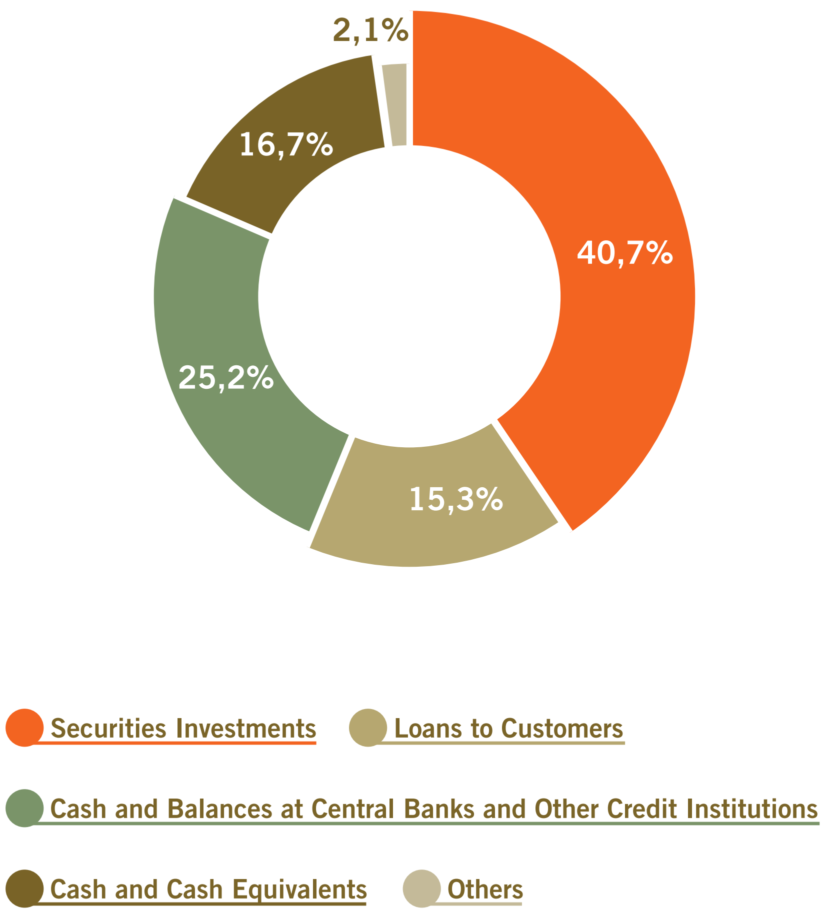
As at 31st December 2023, BFA's Total Net Assets amounted to AOA 3,584,394.2 million, up by +32.3% YoY. This positive financial performance was mainly due to the growth recorded in the following headings: Securities Investments rose by +38.5% (+AOA 405.230 million), Cash and Balances at Central Banks and Other Credit Institutions, up by 24.2% (+AOA 175.455.4 million), Loans to Customers, grew by +31.8% (+AOA 132.677.2 million), and Cash and Cash Equivalents, up by +32.8% (+AOA 147.851.3 million).

The Securities Portfolio represents the heading with the highest share within the Total Net Assets, accounting for 40.7%, followed by Cash and Balances at Central Banks and Other Credit Institutions, with a share of 25.2%.

The development of BFA's Total Assets structure is a product of the financial institution's endeavours and drive to diversify its balance sheet, coupled with the combination of risk, profitability and liquidity factors.

Over the course of 2023, the Bank's business activity was adversely affected by the depreciation of the national currency, which mainly explains a significant part of the changes recorded in the headings, resulting in a higher counter-value in kwanzas for exposures denominated in foreign currency. As far as Total Assets portfolio is concerned, this impact has led to an increase in its comprehensive value, due to the exchange rate effect, totalling approximately AOA 645.649 million.

Breakdown of Total Assets 2023



Cash and Cash Equivalents

Cash and Cash Equivalents amounted to AOA 598,278.1 million, an increase of +32.8% when compared to FY2022 (AOA 147,851.3 million). The recorded growth was essentially due to exchange rate depreciation, with an impact of approximately AOA 205,089.8 million.

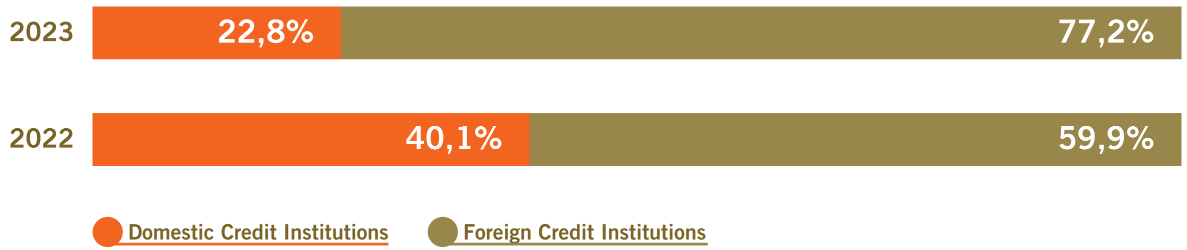
Cash and Balances at Central Banks and Other Credit Institutions

Amounts in thousand of Kwanzas

Cash and Balances at Central Banks and Other Credit Institutions	Dec-22	Dec-23	Δ%
Cash and Balances at Other Credit Institutions	**726 368,1**	**901 877,6**	**24,2%**
Domestic Credit Institutions	291 584,9	205 903,7	- 29,4%
Foreign Credit Institutions	434 783,2	695 974,0	60,1%
Impairments (IFRS9)	**(321,0)**	**(375,1)**	**16,9%**
Total	**726 047,1**	**901 502,5**	**24,2%**

The heading of 'Cash and Balances at Other Credit Institutions' (excluding impairments) grew by +24.2% (AOA +175 455.4 million) YoY, totalling AOA 901 502.5 million in 2023. Cash and Balances at foreign credit institutions totalled AOA 695,974.0 million (+60.1%), having increased primarily due to the impact of the exchange rate depreciation (AOA +283,407.4 million), while cash and balances at domestic credit institutions totalled AOA 205,903.7 million (-29.4%) YoY.

Breakdown of Cash and Balances at Other Credit Institutions



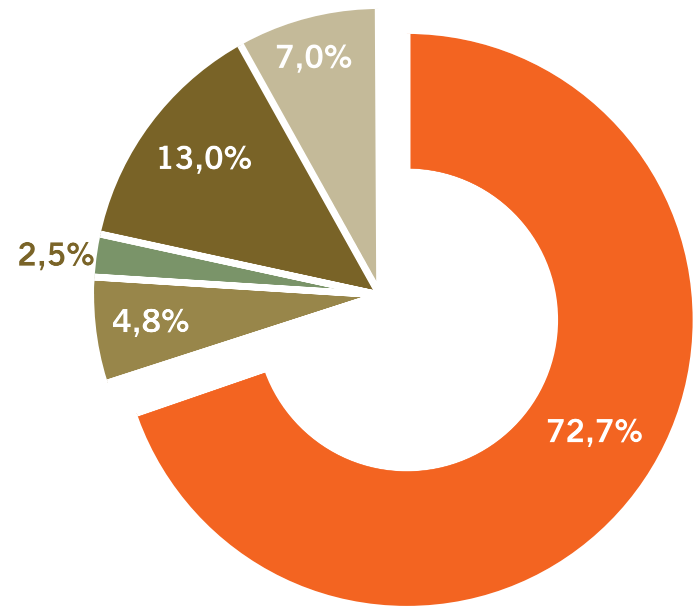
Loans to Customers

Amounts in thousand of Kwanzas

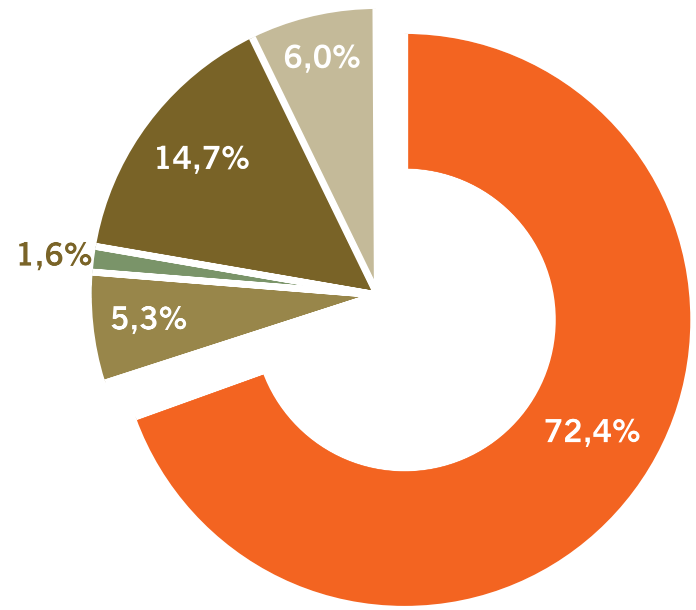
	Dec-22	Dec-23	Δ%
1. Total Credit	**589 559,6**	**756 591,1**	**28,3%**
1.1 Loans to Customers	456 967,9	588 487,6	28,8%
Loans in Domestic Currency	428 440,8	548 145,6	27,9%
Loans in Foreign Currency	28 527,0	40 341,9	41,4%
1.2 Credit and Accrued Interest	14 449,2	11 883,3	-17,8%
1.3 Guarantees (Corporate Banking)	76 629,6	111 118,6	45,0%
1.4 Undrawn Credit Limits	41 513,0	45 101,7	8,6%
2. Total Loan Loss Provisions	**54 652,8**	**50 747,9**	**-7,1%**
2.1 Specific Provisions	53 991,5	50 268,1	-6,9%
For Credit and Accrued Interest	19 954,2	16 654,7	-16,5%
2.2 For General Credit Risks	661,3	479,8	-27,5%
3. Total Credit Net of Impairments	**417 425,6**	**550 102,8**	**31,8%**
Of which: Credit and Accrued Interest	14 449,2	11 825,4	-18,2%
4. Loan Portfolio Asset Quality			
Past-Due Loans (% Total Loan Portfolio)	3,1%	2,0%	- 1,1 p.p
Past-Due Loans Provisions Coverage Ratio	378,2%	429,1%	50,9 p.p

Breakdown of the Loan Portfolio

2022



2023



Loans in National Currency | Loans in Foreign Currency | Credit and Accrued Interest | Guarantees (Corporate Banking) | Undrawn Credit Limits

BFA's Total Credit grew by +28.3%, representing an increase of AOA 167.031,6 million YoY, amounting to a total of AOA 756.591,1 million. This increase was particularly fuelled by the rise in credit granted in national currency, a leading share of total credit portfolio, which rose by +27.9% totalling AOA 548,145.6 million, primarily as a result of the growth recorded in credit granted and disbursed.

Furthermore, the positive development of the heading 'Guarantees (Corporate Banking)' which experienced a sharp growth amounting to +AOA 34,489.0 million (up by +45.0%, YoY), is a clear indication of BFA's efforts and key contribution to boosting the national economy.

On the other hand, BFA has upheld a strict risk management policy and has recorded a decrease in the heading 'Credit and Accrued Interest' amounting to AOA 2,565.9 million (-17.8%), which represents a decline of -1.1 p.p. in the Overdue Credit Ratio in relation to Total Credit.

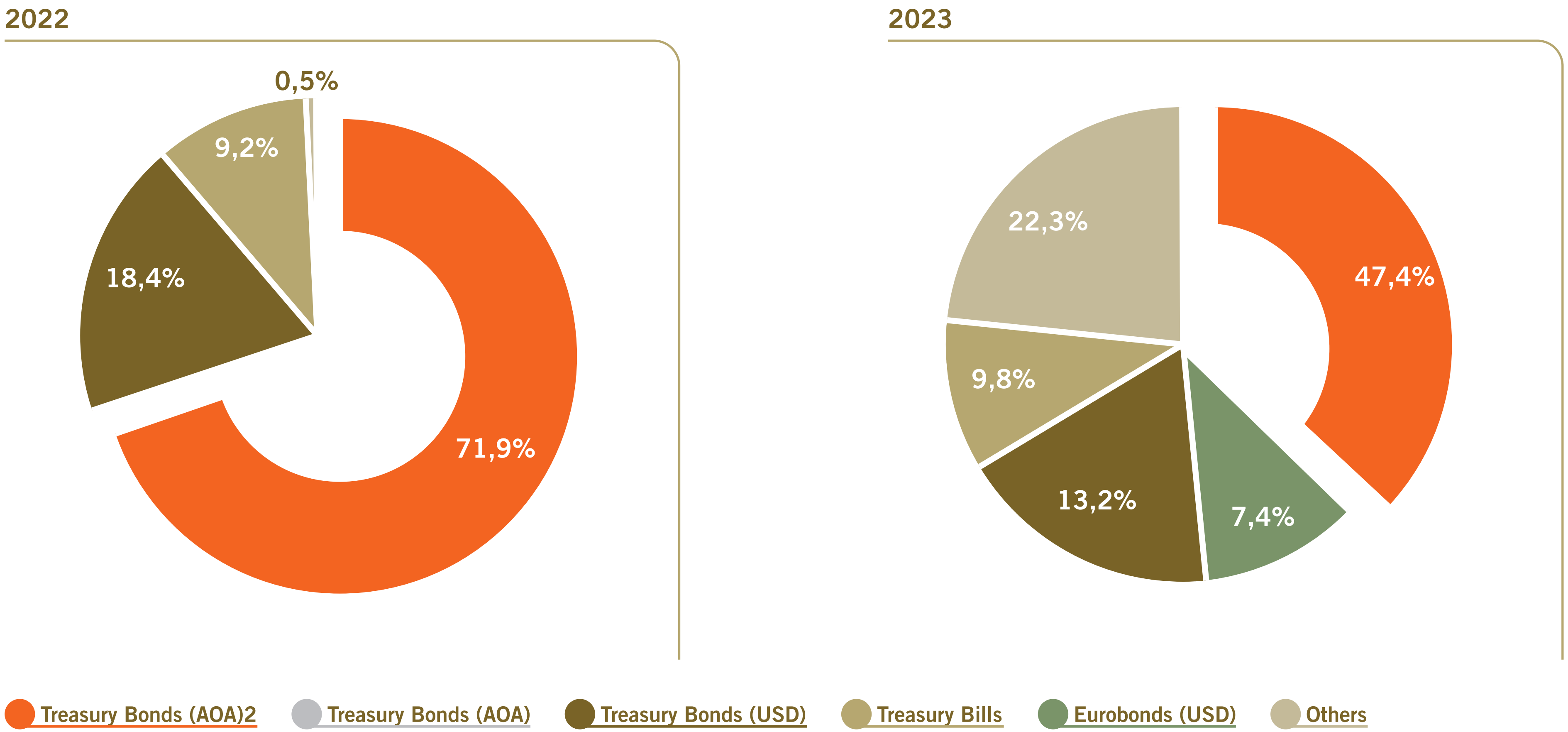
In the financial year 2023, total credit impairments stood at AOA 50,747.9 million, i.e. a drop in absolute terms of approximately AOA 3,904.9 million (-7.1%) YoY. This decrease is mainly due to the restructuring of some credit operations as well as operations placed in write-off status.

Investments in Securities

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Financial Assets measured at fair value through profit or loss	**104 831,3**	**46 487,8**	**-55,7%**
Treasury Bonds (AOA)	94 622,2	37 833,3	-60,0%
Others	10 209,1	8 654,5	-15,2%
Investments at Amortised Cost	**948 367,6**	**1 411 941,1**	**48,9%**
Treasury Bills	96 869,0	142 771,5	47,4%
Treasury Bonds (USD)	193 883,7	192 659,6	-0,6%
Treasury Bonds (AOA)	662 964,4	652 823,2	-1,5%
Eurobonds (USD)	4862,3	107 607,4	2113,1%
Others	0	328 867,4	100%
Impairments (IFRS9)	- 10 211,8	- 12 788,0	25,2%
Total	**1 053 198,9**	**1 458 429,0**	**38,5%**

Breakdown of the Securities Portfolio in December 2023



The Securities Portfolio increased by +38.5% (+AOA 405.230 million) YoY, and totalled AOA 1.458.429 million. In real terms, the Securities Portfolio experienced a growth of +AOA 277.449 million, as a result of the rise recorded in new operations and acquisitions and the impact of exchange rate depreciation, totalling +AOA 127.780 million.

The securities portfolio growth in FY2023 is primarily attributable to the increase witnessed in the headings of short-term investments with the Central Government (+AOA 328,867.4 million), foreign public debt securities (+AOA 102,745.1 million) and Treasury Bills (+AOA 45,902.4 million), partly as a result of the replacement of securities from the fair value portfolio with securities at amortised cost investment portfolio , and investments in foreign public debt securities, whose yields and maturities were more attractive, in alignment with the Bank's investment strategy.

The securities portfolio impairment experienced a deterioration of AOA 2,576.1 million (+25.2%), due to the portfolio's increased exposures, as well as with the entry of new securities at amortised cost into the portfolio.

Held-to-Maturity Securities Portfolio

Amounts in thousand of Kwanzas

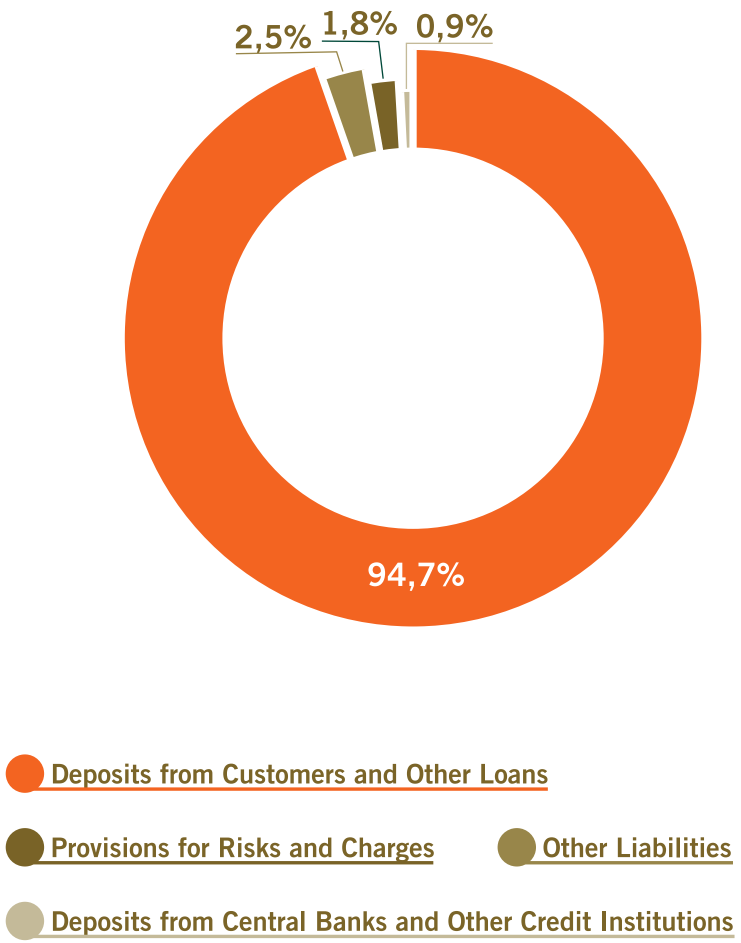
	< 1 year	1- 3 years	>3 years	Total
Treasury Bills (AOA)	142 771,5	0,0	0,0	142 771,5
Treasury Bonds (AOA)	0,0	15 559,2	675 097,3	690 656,5
Treasury Bonds (USD)	0,0	0,0	192 659,6	192 659,6
Eurobonds (USD)	0,0		107 607,4	107 607,4
Others	337 521,9	0,0	0	337 521,9
Impairments (IFRS9)	- 598,0	- 162,5	- 12 027,4	- 12 788,0
Total	**479 695,4**	**15 396,7**	**963 336,9**	**1 458 429,0**

As far as the Held-to-Maturity Securities Portfolio is concerned, at year-end of 2023, 33% corresponds to securities with a maturity of less than 1 year, and 1% of the portfolio corresponds to securities with a maturity ranging from 1 to 3 years. Securities with a maturity of over 3 years, whose maturity category is more relevant in the composition of the Bank's portfolio, continue to account for the largest share, totalling 66.1% of the total portfolio.

Liabilities

Liabilities rose by +35.6% (+AOA 792 252.9 million) YoY, amounting to AOA 3 016 868.2 million in FY2023. This sharp growth is due to the +40.1% increase recorded in 'Deposits from Customers and Other Loans' heading, which account for 94.7% of total Liabilities. The impact of this rise in 'Deposits from Customers and Other Loans' was curtailed by the -41.4% fall recorded in 'Other Liabilities' heading, corresponding to an amount of AOA 53.411.7 million, stemming from the payment of the extraordinary dividends that were distributed in FY2021.

Breakdown of Liabilities in 2023



Deposits from Customers and other Loans

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Demand Deposits	**891 718,2**	**1 200 521,4**	**34,6%**
National Currency	624 115,8	861 849,0	38,1%
Foreign Currency	267 602,4	338 672,3	26,6%
Term Deposits	**1 148 567,0**	**1 657 144,1**	**44,3%**
National Currency	467 302,4	585 378,6	25,3%
Foreign Currency	681 264,6	1 071 765,5	57,3%
Total	**2 040 285,2**	**2 857 665,5**	**40,1%**

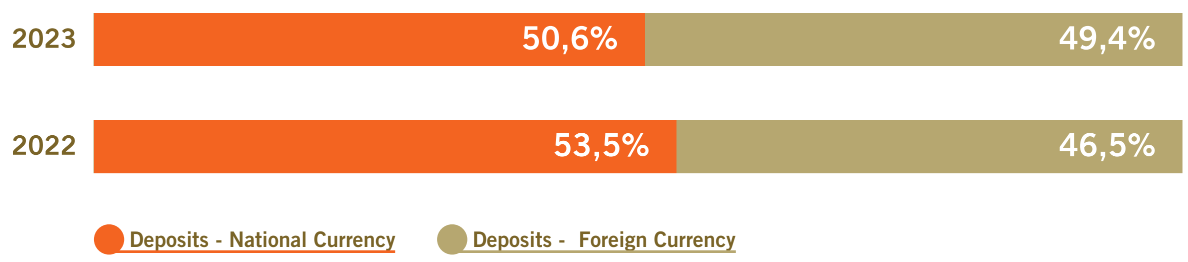
The heading of Deposits from Customers and other Loans recorded an increase of +AOA 817,380.3 million YoY (+40.1%), amounting to a total of +AOA 2,857,665.5 million in FY2023. This increase is mainly due to the exchange rate impact during the period under review, which resulted in an increase of AOA 622,721.2 million (+76.2%).

Over the course of financial year 2023, the heading of 'Deposits from Customers and other Loans' comprises 'Demand Deposits' totalling AOA 1,200,521.4 million and 'Term Deposits' totalling AOA 1,657,144.1 million. 'Term Deposits' and 'Demand Deposits' combined account for 58.0% and 42.0% of this heading, respectively.

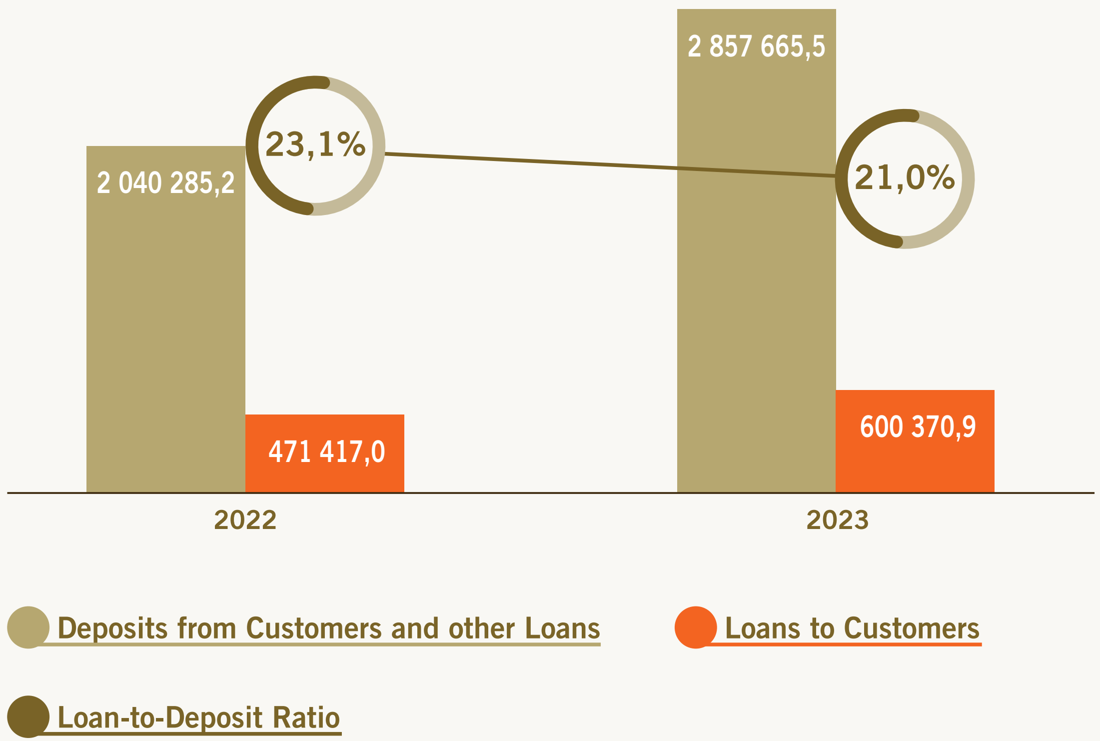
Demand Deposits in national currency rose by AOA 237,733.3 million (+38.1%) YoY, while in foreign currency they were up by AOA 71,069.9 million (+26.6%). The increase in customer deposits is explained by the rise in deposits from non-financial private sector customers and retail customers, plus from receipts and maturities of securities.

As for Term Deposits in domestic currency totalled AOA 585,378.6 million and AOA 1,071,765.5 million in foreign currency, recording a total increase of +44.3% YoY, essentially due to exchange rate depreciation and the positive performance recorded in Term Deposits in domestic currency.

Breakdown of Customer Deposits by Currency



Loan-to-Deposit Ratio
MAOA



In FY2023, the Loan-to-Deposit ratio stood at 21.0%, recording a mild decrease compared to the value of 23.1% attained in FY2022. This variation of -2.1 p.p. is mainly due to the nearly +30% increase recorded in the deposits portfolio. Excluding the exchange rate effect, there was a higher effective increase in the heading of 'deposits from customers and other loans' (AOA 194.659 million), in comparison to the heading of 'loans to customers' (AOA 116.744 million).

Equity

Breakdown of BFA's Equity

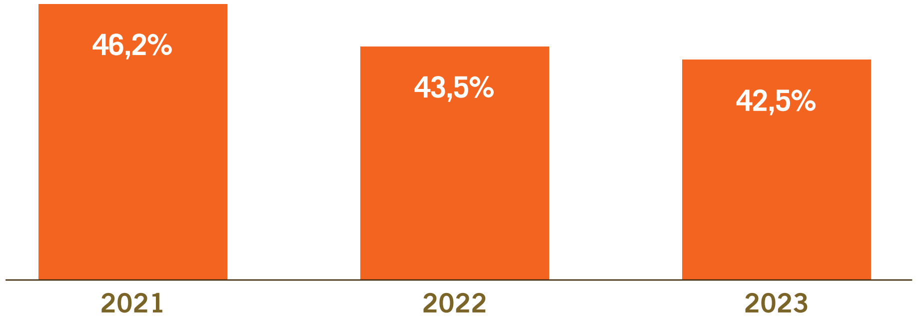
Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Equity			
Share Capital	15 000,0	45 000,0	200,0%
Other Reserves and Retained Earnings	328 834,3	355 016,4	8,0%
Net Profit for the Year on an Individual Basis	140 455,2	167 509,6	19,3%
Total Equity	**484 289,5**	**567 526,0**	**17,2%**

In FY2023, Total Equity recorded a year-on-year growth of +17.2%, totalling AOA 567.526 million. This positive performance is mainly the result of an increase made in Share Capital of AOA 30,000 million (+200%), also due to the incorporation of the net profit from FY 2022, as well as due to an increase in Other Reserves and Retained Earnings of AOA 26,182.1 million (+8%) and, lastly, a sharp rise in Net Profit of AOA 27,054.4 million (+19.3%).

Total Capital Ratio

Total Capital Ratio is calculated in accordance with the regulations in force issued by the BNA and stood at 42.5% at year-end 2023. This figure remains well in excess of the 8% regulatory threshold for capital adequacy required by the National Bank of Angola, which demonstrates the Bank's high level of financial soundness and autonomy.



Overall, BFA's balance sheet composition for 2023, highlights the continuation of a sound corporate liquidity strategy which, in alignment with the BFA's business strategy, enables the financial institution to finance 95.6% of its total assets' portfolio through a combination of Customer Deposits and Shareholders' Equity.

Income Statement

Over the course of financial year 2023, BFA's Net Profit amounted to AOA 167,509.6 million, up by +19.3% YoY (+AOA 27,054.4 million).

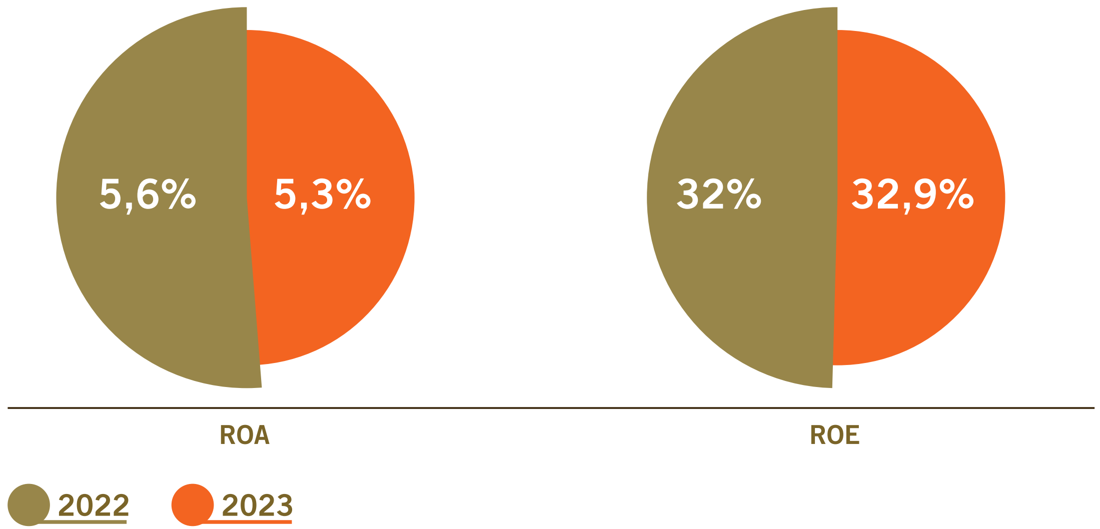
Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Net Financial Income	216 176,1	246 934,8	14,2%
Non-Interest Income	52 879,9	52 101,7	-1,5%
Operating Income	269 056,0	299 036,5	11,1%
Staff Costs	63 216,8	63 510,6	0,5%
Third-Party Supplies and Services	27 700,8	37 088,5	33,9%
Depreciation and Amortisation Costs for the year	11 425,8	13 657,4	19,5%
Provisions and Impairments	6 560,8	1 036,3	-84,2%
Profit Before Taxes	**160 151,8**	**183 743,6**	**14,7%**
Income Taxes	**19 696,6**	**16 234,0**	**-17,6%**
Net Profit for the Financial Year	**140 455,2**	**167 509,6**	**19,3%**

The financial performance in the FY2023, was primarily determined by the following key drivers: sharp growth in Operating Income of approximately AOA 29,980.5 million (+11.1%), driven by an increase in Net Interest Income of +14.2%, amounting to AOA 246,934.8 million.

Overheads (Staff Costs, Third-Party Supplies and Services, Depreciation and Amortisation) rose by AOA 11,913.2 million (+11.6%), particularly Third-Party Supplies and Services, which recorded an increase of AOA 9,387.7 million (+33.9%).

Return-On-Assets e Return-On-Equity



Furthermore, the heading of 'Provisions and Impairments' fell by approximately AOA 5,524.6 million (-84.2%), primarily due to the constitution of provisions for tax contingencies from ongoing auditing processes during 2022.

Overall, over the course of FY2023, BFA continued to generate value for its Customers, Shareholders, Team Members and other Stakeholders, with a Return-on-Equity (ROE) ratio of 32.9% and a Return-on-Assets (ROA) ratio of 5.3%.

Net Interest Income Development

BFA's Net Interest Income in 2023 totalled AOA 246,934.8 million, which corresponds to an increase of AOA 30,758.6 million when compared to the same period last year, representing a strong growth of +14.2%.

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Interest and Similar Income	**267 676,1**	**313 525,8**	**17,1%**
Income from Short-term Investments	29 468,4	51 752,8	75,6%
Income from Short-term Investments in Securities	179 645,9	185 440,5	3,2%
Income from Loans and Advances to Customers	58 561,8	76 332,6	30,3%
Interest and Similar Charges	**51 499,9**	**66 591,0**	**29,3%**
Deposit Costs	50 167,8	63 684,1	26,9%
Other Costs	1 332,2	2 907,0	118,2%
Net Financial Income	**216 176,1**	**246 934,8**	**14,2%**

The growth recorded in Net Interest Income was primarily driven by the rise in income from short-term investments (high-liquidity investments), with an emphasis on short-term investments made overseas and income from loans and advances to customers, which rose by +75.6% and +30.3%, respectively. This positive financial performance is in alignment with the increase experienced with other on-balance-sheet portfolios.

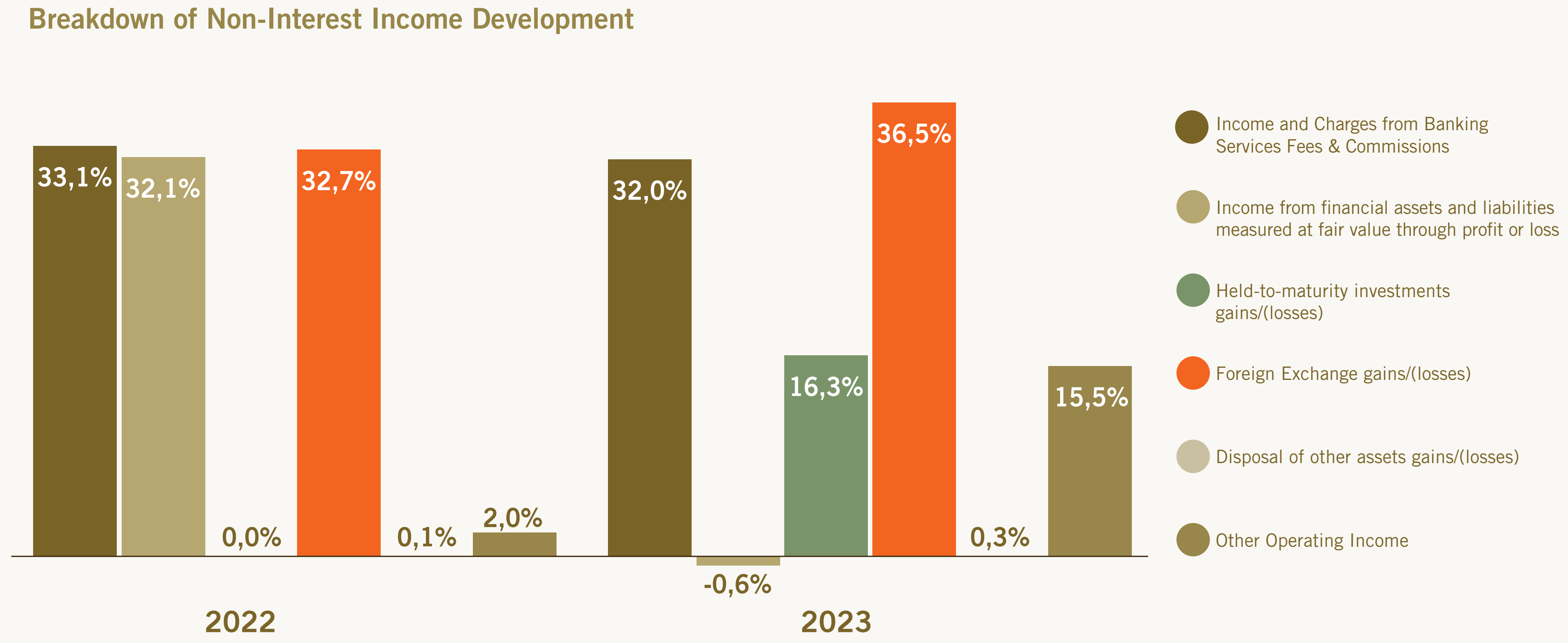
On the costs side, BFA recorded a 29.3 % rise in interest and similar charges as a result of the growth in the Customer Deposits costs heading of approximately AOA 13,516.3 million (+26.9 %) due to the increase in the Term Deposits portfolio stemming from the fund-raising strategy.

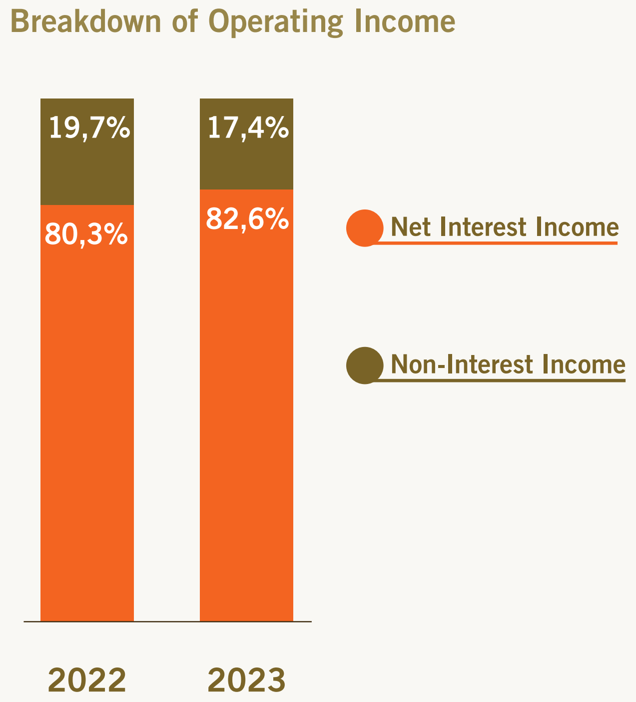
In 2023, Net Interest Income accounted for 82.6% of Operating Income, increasing its share in the Bank's revenue by 2.2 p.p. year-on-year.

Non-Interest Income Development

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Income and Charges from Banking Services Fees and Commissions	17 495,6	16 667,8	-4,7%
Income from financial assets and liabilities measured at fair value through profit or loss	16 956,5	-310,8	-101,8%
Held-to-maturity investments gains/(losses)	0	8 508,9	100,0%
Foreign Exchange gains/(losses)	17 286,8	19 018,0	10,0%
Disposal of other assets gains/(losses)	74,0	145,5	96,6%
Other Operating Income	1 066,9	8 072,2	656,6%
Non-Interest Income	**52 879,9**	**52 101,7**	**-1,5%**





BFA's Non-Interest Income stood at AOA 52,101.7 million in 2023, corresponding to a decrease of AOA 778.1 million (-1.5%) YoY. This mild variation was fuelled by a decrease recorded in the heading of financial assets and liabilities measured at fair value through profit or loss totalling AOA 17,267.3 million, as a result of losses recognised in the fair value of the financial assets and liabilities portfolio.

On the other hand, BFA experienced an increase in the held-to-maturity investments gains/(losses) totalling AOA 8,508.9 million (+100%).

Other operating income amounted to AOA 8,072.2 million for the financial year 2023, corresponding to an increase of AOA 7,005.3 million (+656.6%) YoY. This sharp growth is due to the recovery of administrative costs totalling AOA 7 411.7 million. There was also a rise in foreign exchange profits/(losses) totalling AOA 1,713.2 million (+10%), due to the reassessment of the foreign currency position on the balance sheet.

Breakdown of Income from Banking Services Fees and Commissions

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Net Operating Commissions	**11 696,1**	**10 441,2**	**-10,7%**
Bank Guarantees	964,6	1 048,0	8,7%
Total Credit	2 210,6	2 563,6	16,0%
Intra-Bank Transfers in Foreign Currency (FC)	73,7	76,8	4,2%
Intra-Bank Transfers in National Currency (NC)	1 107,1	1 499,8	35,5%
Withdrawals in Foreign Currency (FC)	623,5	811,8	30,2%
Withdrawals in National Currency (NC)	859,6	891,2	3,7%
Securities Fees & Commissions	3 402,7	1 681,9	-50,6%
Other Commissions	2 454,4	1 868,2	-23,9%
Net Foreign Commissions	**5 085,5**	**5 975,6**	**17,5%**
Net Cards Commissions	**7 957,7**	**9 290,2**	**16,7%**
Other Net Commissions	**2 470,4**	**2 311,0**	**-6,5%**
Total Net Commissions	**27 209,8**	**28 018,0**	**3,0%**

With regard to Income from Banking Services Fees and Commissions, BFA recorded an increase of 3.0% YoY. Of the heading total, 37.3% stemmed from Net Operating Commissions, with Total Credit fees (up by +16.0% YoY), and Interbank Transfers fees (up by +35.5% YoY) accounting for the highest share. It's also worth highlighting Cards Commissions, which account for 33.2% of the total, Net Foreign Commissions and Other Commissions, which account for 21.3% and 8.2% of the total services fees & commissions, respectively.

Overheads Development

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Staff Costs (I)	63 216,8	63 510,6	0,5%
Third-Party Supplies and Services (II)	27 700,8	37 088,5	33,9%
Depreciation and Amortisation Costs (III)	11 425,8	13 657,4	19,5%
Overheads (I + II + III)	102 343,3	114 256,6	11,6%
Cost-to-Income Ratio	**38,0%**	**38,2%**	**0,2 p.p.**

Overheads rose by AOA 11,913.2 million (+11.6%) year-over-year.

Staff Costs maintained their position as the item with the highest weight in the overheads heading, accounting for 55.6% of the total overheads.

Third-party supplies and services totalled AOA 37,088.5 million, representing a rise of AOA 9,387.7 million (+33.9%) YoY, primarily due to the impact of the exchange rate. It's also worth highlighting the maintenance and repair caption, which experienced an increase estimated at 70% of the overall variation.

In 2023, BFA witnessed a mild decrease in the Cost-to-Income ratio, from 38.0% to 38.2% (+0.2 p.p.), as a result of a higher increase in Overheads in relation to Operating Income.

In FY2023, the Bank continued to fulfil its current tax duties and obligations. Deferred tax assets associated with tax losses or temporary differences were not booked because it is understood that the requirements for their recognition in accordance with international accounting standards have not been demonstrated.

Provisions and Impairment

Amounts in thousand of Kwanzas

	Dec-22	Dec-23	Δ%
Provisions net of write-offs	6 762,3	-2 042,4	-130,2%
Loan impairment net of reversals and recoveries	2 249,7	2 130,5	-5,3%
Impairment for other financial assets net of reversals and recoveries	-2 516,1	960,1	-138,2%
Impairment for other assets net of reversals and recoveries	65,0	-11,9	-118,3%
Total Provisions and Impairment	**6 560,8**	**1 036,3**	**-84,2%**

Provisions and impairments net of reversals and recoveries totalled AOA 1,036.3 million in FY2023, representing a drop of AOA 5,524.6 million YoY.

In FY2023, provisions net of write-offs fell by AOA 8,804.7 million (-130.2%) YoY, due to the establishment of Provisions for Tax Contingencies from Ongoing Inspection Processes in 2022. A procedural event that did not take place during 2023.

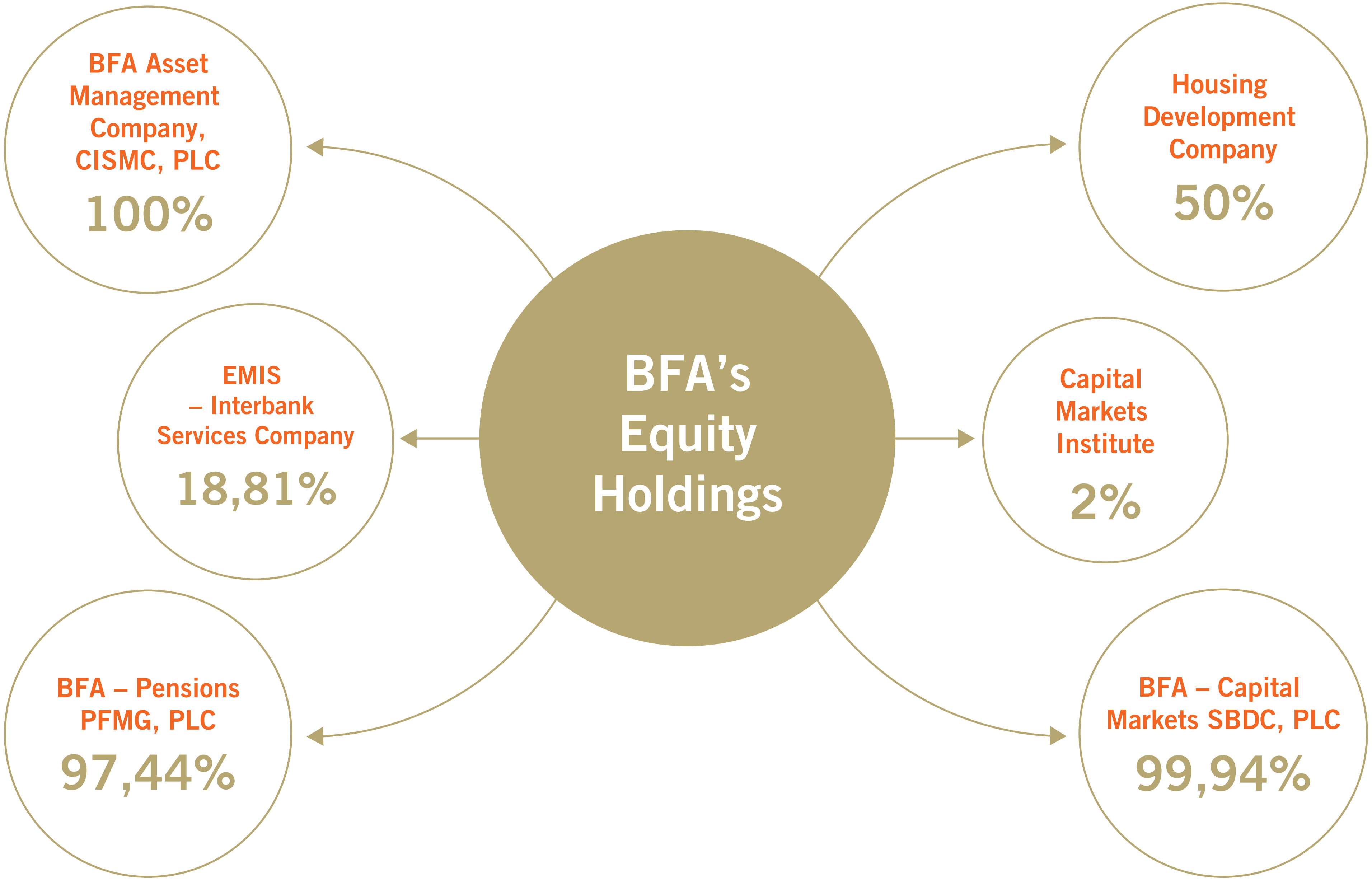
During the period under review, BFA also experienced an increase in impairment for other financial assets, due to the overall growth witnessed in the securities portfolio, mainly in securities with a maturity over three years.

Proposal for the Appropriation of Profits

Whereas in FY2023, Banco de Fomento Angola, S.A. achieved a Net Profit of AOA **167 510** million (one hundred and sixty-seven million, fifty hundred and ten), BFA's Board Management proposes that the appropriation of profits be allocated as follows:

- AOA **76 979** million, for **Free Reserves**, an amount equivalent to 45,95% of the Net Profit achieved;
- AOA **83 755** million, for **Dividends**, an amount equivalent to 50% of the Net Profit achieved;
- AOA **6 776** million, for **Legal Reserves**, an amount equivalent to 4,05% of the Net Profit achieved.

6
EQUITY HOLDINGS


BFA's Equity Holdings
BFA Asset Management Company, CISMC, PLC
100%
EMIS – Interbank Services Company
18,81%
BFA – Pensions PFMG, PLC
97,44%
Housing Development Company
50%
Capital Markets Institute
2%
BFA – Capital Markets SBDC, PLC
99,94%

BFA Capital Markets

Amounts in thousand of Kwanzas

	Dec-22 (Preliminary)	Dec-23 (Preliminary)	Δ%
Balance Sheet			
Cash and Cash Equivalents	200,0	3,3	-98,4%
Total Short-Term Investments	0,0	1 501,0	100,0%
Other Assets	488,6	561,5	14,9%
Total Assets	**688,6**	**2 065,8**	**200,0%**
Other Liabilities	492,1	1 438,2	192,3%
Equity	196,5	627,7	219,5%
Total Liabilities + Equity	**688,6**	**2 065,8**	**200,0%**
Net Gains/(Losses)			
Operating Income	0,0	1 240,1	100,0%
Overheads	-3,5	660,3	-18 965,8%
Net Profit for the period	**-3,5**	**431,2**	**-12 337,1%**

BFA Capital Markets' Total Assets amounted to AOA 2 065.8 million in FY2023, representing an increase of AOA 1 377.3 million (+200%) YoY. This positive financial performance was primarily due to the growth of AOA 1,501.0 million (+100%) recorded in the 'Short-Term Investments' heading (high liquidity investments), which refers to Term Deposits invested in domestic banks.

BFA Capital Markets' Liabilities totalled AOA 1,438.2 million and Equity amounted to AOA 627.7 million.

BFA Capital Markets ended the year of 2023 with a Net Profit of AOA 431.2 million, up by +337.1% on the AOA -3.5 million recorded in FY2022. This positive performance is mainly due to the commencement of operations in H2 2023, as well as due to the sharp growth recorded in Income from Financial Intermediation, in particular securities trading fees & commissions.

BFA Pensions - Pension Fund Management Company

Amounts in thousand of Kwanzas

	Dec-22 (Preliminary)	Dec-23 (Preliminary)	Δ%
Balance Sheet			
Cash and Cash Equivalents	900,0	945,1	5,0%
Other Assets	114,2	400,1	250,4%
Total Assets	**1 014,2**	**1 345,1**	**32,6%**
Other Liabilities	114,2	932,4	716,7%
Equity	900,0	412,7	-54,1%
Total Liabilities + Equity	**1 014,2**	**1 345,1**	**32,6%**
Net Gains/(Losses)			
Operating Income	0,0	0,0	0,0%
Overheads	0,0	-536,4	100,0%
Net Profit for the period	**0,0**	**-487,3**	**100,0%**

Em 2023, o BFA PFMC's Total Assets amounted to AOA 1 345.1 million, a sharp increase of +32.6% YoY. The growth recorded is mainly due to the rise in Other Assets as a result of the software investments made in 2023.

BFA PFMC's Equity and Liabilities recorded a growth amounting to AOA 330.9 million (+32.6%) YoY. The growth recorded was mainly due to the surge in other liabilities, up by approximately +716.7 per cent (+AOA 818.2 million) YoY, stemming from amounts due to the parent company BFA, under a reimbursement agreement.

BFA PFMC's reported a net loss of AOA -487.3 million in FY2023, primarily due to the simple fact that the company has not yet started operating and is currently incurring start-up and incorporation costs, namely staff costs (AOA -404.1 million) stemming from hiring personnel and third-party supplies, as well as due to the procurement of third-party services (AOA -89.3 million).

BFA Asset Management

Amounts in thousand of Kwanzas

	Dec-22 (Preliminary)	Dec-23 (Preliminary)	Δ%
Balance Sheet			
Cash and Cash Equivalents	9,6	10,0	4,3%
Securities	1 963,3	2 081,0	6,0%
Equity Holdings	32,5	32,5	0,0%
Loans	346,7	353,9	2,1%
Other Assets	88,4	64,4	-27,1%
Total Assets	**2 440,5**	**2 541,8**	**4,2%**
Other Liabilities	687,9	318,1	-53,8%
Equity	1 752,6	2 223,8	26,9%
Total Liabilities + Equity	**2 440,5**	**2 541,8**	**4,2%**
Net Gains/(Losses)			
Operating Income	1 712,2	1 360,6	-20,5%
Overheads	1 268,0	889,4	-29,9%
Net Profit for the period	**444,2**	**471,2**	**6,1%**

As at 31st December 2023, BFA Asset Management's total assets recorded a growth of AOA 101.3 million, up by +4.2% YoY, primarily as a result of reinvestments in Treasury Bonds and Treasury Bills that matured in the current financial year of 2023, the strengthening of the Treasury Bond position in the amount of AOA 150 million in 2023, as well as the subsequent rise in yields witnessed at BODIVA Markets YoY.

Total Equity and Liabilities recorded a positive year-on-year change of +4.2%, amounting to AOA 2 541.8 million in 2023. Other Liabilities fell by -53.8%, corresponding to AOA 369.8 million, stemming from payments made to the parent company BFA, under the scope of the current reimbursement agreement.

BFA Asset Management's Net Profit amounted to AOA 471.2 million at the end of FY2023, up by +6.1% YoY. As far as Net Income is concerned, it recorded a decrease in Interest Income and Similar Income due to the fewer fees & commissions charged for the new Investment Funds, as well as due to the closure of 5 investment funds out of the 7 that were open until 2022.

7 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Financial Statements

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts in thousand of Kwanzas

	Notes	2023/12/31	2022/12/31
Interest and similar income	19	313 821 247	267 933 551
Interest and similar expense	19	(66 504 013)	(51 489 377)
Net interest income		**247 317 234**	**216 444 174**
Fees and commission income	20	35 096 955	32 207 086
Fees and commission expense	20	(16 224 010)	(13 412 692)
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	(358 174)	13 337 138
Net gains/(losses) on investments at amortized cost	8	8 508 936	3 735 963
Foreign exchange gains/(losses)	21	19 017 992	17 286 782
Net gains/(losses) on sale of other assets	22	145 508	74 012
Other operating income/(expense)	23	7 419 172	224 533
Net operating income		**300 923 613**	**269 896 996**
Staff costs	24	(64 256 798)	(63 216 766)
External supplies and services	25	(37 488 406)	(27 897 863)
Depreciation and amortization for the period	11	(13 804 806)	(11 477 176)
Provisions net of reversals	16	1 850 679	(6 994 619)
Impairment of loans and advances to customers net of reversals	16	(1 677 940)	(2 017 343)
Impairment of other financial assets net of reversals	16	(1 220 925)	2 516 127
Impairment of other assets net of reversals	16	11 917	(65 014)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**184 337 334**	**160 744 342**
Income tax			
Current	12	(16 412 651)	(19 848 403)
Deferred	12	-	-
NET PROFIT/(LOSS) FOR THE PERIOD		**167 924 683**	**140 895 939**
Non-controlling interests		730	442
Bank's shareholders		167 923 953	140 895 497
INCOME RECOGNIZED DIRECTLY IN EQUITY		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		**167 924 683**	**140 895 939**
Non-controlling interests		730	442
Bank's shareholders		167 923 953	140 895 497
Average number of ordinary shares issued	**18**	5 153 425	3 000 000
Basic earnings per share (in Kwanzas)	**18**	32,585	46,965
Diluted earnings per share (in Kwanzas)	**18**	32,585	46,965

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts in thousand of Kwanzas

ASSETS	Notes	2023/12/31	2022/12/31
Cash and deposits at central banks	4	556 646 795	426 304 724
Loans and advances to credit institutions	5	41 631 266	24 122 059
Other loans and advances to central banks and credit institutions	6	901 502 510	726 047 113
Financial assets at fair value through profit or loss	7	48 568 839	106 794 592
Investments at amortized cost	8	1 411 941 126	948 367 608
Loans and advances to customers	9	550 102 779	417 425 564
Non-curren assets held for sale	10	180 980	-
Property, pland and equipment	11	39 221 272	37 059 765
Intangible assets	11	12 956 217	8 436 007
Current tax assets	12	192 964	145 408
Deferred tax assets	12	-	-
Othe assets	13	21 456 161	15 050 999
Total Assets		**3 584 400 909**	**2 709 753 839**

LIABILITIES AND EQUITY	Notes	2023/12/31	2022/12/31
Deposits from central banks and other credit institutions	14	27 840 923	10 686 251
Deposits from customers and other loans	15	2 855 206 125	2 039 175 606
Financial liabilities at fair value through profit or loss	7	2 537 450	545 524
Provisions	16	55 524 646	51 578 163
Current tax liabilities	12	14 435 152	10 989 158
Lease liabilities	17	5 325 022	4 622 610
Other liabilities	17	53 891 187	106 167 674
Total Liabilities		**3 014 760 505**	**2 223 764 986**
Share capital	18	45 000 000	15 000 000
Other reserves and retained earnings	18	356 713 308	330 090 946
Net profit/(loss) for the period	18	167 923 953	140 895 497
Total equity attributable to the Bank's shareholders		**569 637 261**	**485 986 443**
Non-controlling interests		3 143	2 410
Total Equity		**569 640 404**	**485 988 853**
Total Liabilities and Equity		**3 584 400 909**	**2 709 753 839**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts in thousand of Kwanzas

	Notes	Share capital	Other reserves and retained earnings	Net profit/(loss) for the period attributable to the Bank's Shareholders	Equity attributable to the Bank's Shareholders	Non-controlling interests	Total equity
Balance on 1 January 2022		**15 000 000**	**251 855 080**	**156 471 732**	**423 326 812**	**1 968**	**422 070 178**
Appropriation of the 2021 net profit:							
Reserve requirement	18	-	78 235 866	(78 235 866)	-	-	-
Distribution of dividends	18	-	-	(78 235 866)	(78 235 866)	-	(78 235 866)
Net profit/(loss) for the period	18	-	-	140 895 497	140 895 497	442	140 895 939
Balance on 31 December 2022		15 000 000	330 090 946	140 895 497	485 986 443	2 410	485 988 853
Appropriation of the 2022 net profit:							
Reserve requirement	18	-	56 622 362	(56 622 365)	(3)	3	-
Distribution of dividends	18	-	-	(84 273 132)	(84 273 132)	-	(84 273 132)
Capital increase	18	30 000 000	(30 000 000)	-	-	-	-
Net profit/(loss) for the period	18	-	-	167 923 953	167 923 953	730	167 924 683
Balance on 31 December 2023		**45 000 000**	**356 713 308**	**167 923 953**	**569 637 261**	**3 143**	**569 640 404**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts in thousand of Kwanzas

	Notes	2023/12/31	2022/12/31
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received		336 279 093	292 222 201
Interest, commissions and other similar income paid		(79 595 953)	(58 632 167)
Payments to employees and suppliers		(98 052 976)	(87 425 215)
Payments and contributions to pension funds and other benefits		(2 536 625)	(3 492 376)
Recovery of written-off loans		342 381	331 428
Other income/(expense) received/(paid)		17 889 054	30 561 912
Cash flows before changes in operating assets and liabilities		**174 324 974**	**173 565 783**
Increases/(decreases) in operating assets:			
Other loans and advances to central banks and credit institutions		91 891 986	(165 041 112)
Financial assets at fair value through profit or loss		52 473 730	(5 687 106)
Financial investments at amortized cost		(309 115 265)	196 993 487
Loans and advances to customers		(108 686 986)	(63 561 868)
Non-current assets held for sale		-	-
Other assets		(7 609 952)	858 395
Net cash flows from operating assets		**(281 046 487)**	**(36 438 204)**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions		17 073 881	1 842 640
Deposits from customers and other loans		224 261 660	29 175 716
Other liabilities		(3 227 914)	1 393 696
Net cash flows from operating liabilities		**238 107 627**	**32 412 052**

	Notes	2023/12/31	2022/12/31
Net cash from operating activities before income taxes		**131 386 114**	**169 539 631**
Income and capital taxes paid		(13 234 606)	(10 301 392)
Net cash from operating activities		**118 151 508**	**159 238 239**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment, net of disposals		(10 025 412)	(10 427 696)
Acquisition of intangible asset, net of disposals		(9 305 076)	(9 671 470)
Net cash from investing activities		**(19 330 488)**	**(20 099 166)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividends		(132 423 132)	(126 385 866)
Net cash from financing activities		**(132 423 132)**	**(126 385 866)**
Change in cash and cash equivalents		**(33 602 112)**	**12 753 207**
Cash and cash equivalents at the beginning of the period	4 and 5	450 430 227	446 672 013
Effects of changes in foreign exchange rates on cash and cash equivalents		181 454 126	(8 994 993)
Cash and cash equivalents at the end of the period	**4 and 5**	**598 282 241**	**450 430 227**

Notes to Financial Statements

1. INTRODUCTION

Banco de Fomento Angola, S.A. (hereinafter also referred to as Bank or BFA), was incorporated by Public Deed on 26 August 2007, following the transformation of the Angolan Branch of Banco BPI, S.A. into a bank under local law and is fully owned by BPI.

In 2008, BPI sold 49.9% of its stake in the Bank to Unitel.

As indicated in Note 19, on 5 January 2017, in execution of the share purchase and sale agreement entered into 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA's share capital was completed. Thus, on 31 December 2023 and 31 December 2022, BFA was majority held by Unitel, S.A., with a stake of 51.9%.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other funds, which it invests, together with its own funds, in the granting of loans, deposits in the Banco Nacional de Angola, investments in credit institutions and acquisition of securities or other assets, for which it is duly authorized. It also provides other banking services and performs various types of operations in foreign currency, having for this purpose, as at 31 December 2023, a national network of 160 branches, 11 investment centers, 7 large corporate centers, 4 Oil & Gas and Public Sector centers, 11 medium corporate centers and 1 Private Banking center.

These are the first consolidated financial statements presented by the Bank, and therefore consolidation has been carried out for comparative purposes as at 31 December 2022.

As at 31 December 2023, the companies that comprise the BFA Group are:

	Head office	Activity	Equity	Assets	Profit/(loss) for the period	BFA's direct shareholding	BFA Group's effective shareholding	Consolidation method
BFA	Angola	Banco	567 526 012	3 584 394 231	167 509 612	n.a.	n.a.	n.a.
BFA Gestão de Activos	Angola	Asset Management	2 223 750	2 541 816	471 190	99,90%	99,90%	Ful
BFA Capital Markets	Angola	Asset Management	627 654	2 065 820	431 178	94,94%	99,94%	Ful
BFA Pensões	Angola	Asset Management	412 703	1 345 120	(487 297)	97,44%	99,94%	Ful

In 2023:

- Following Instruction No. 05/CMC/03.23 on the Transfer of Services and Activities of Investment in Securities and Derivative Instruments, BFA Capital Markets started operating on 8 June 2023, with a share capital of AOA 900 million, focusing on securities trading and custody;

- On 10 May, the Angolan Agency for Insurance Regulation and Supervision (in Portuguese, Agência Angolana de Regulação e Supervisão de Seguros (ARSEG)) granted a license to BFA Pension Fund, with a share capital of AOA 900 million, endowing the Group with this type of pension fund management.

2. BASIS OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 Basis of presentation

The Group's financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards (IFRS), pursuant to Notice No. 5/2019, of August 30, of the Banco Nacional de Angola IFRS includes accounting standards, issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), effective from January 2023.

The financial statements now presented refer to the period ended 31 December 2023.

The Group's consolidated financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand. The consolidated financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognized at fair value through profit or loss. Other financial assets and liabilities and other non-financial assets and liabilities are recorded at amortized cost or historical cost.

The preparation of the consolidated financial statements in accordance with IAS/IFRS requires the Bank to make judgments and estimates and uses assumptions which affect the application of accounting policies and the amounts of income, expenses, assets and liabilities. Changes or differences between such assumptions and reality may have impacts on the actual estimates and judgments. The areas involving a higher degree of judgment or complexity, or areas where significant assumptions and estimates are made in preparing the financial statements are discussed in Note 3.

The consolidated financial statements for the period ended 31 December 2023 were approved at the meeting of the Bank's Board of Directors on 14 March 2024.

The recently issued accounting standards and interpretations that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analyzed in Note 31.

2.2 Perimeter of Consolidation

These consolidated financial statements present the assets, liabilities, income, expenses, other comprehensive income and cash flows of Banco de Fomento Angola, S.A. and its subsidiaries.

The accounting policies were applied consistently by all the Bank's subsidiaries for the periods covered by these consolidated financial statements.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed or has rights, to variable returns from its involvement with that entity, being able to seize those returns through the power it has over the entity (de facto control) and having the ability to affect those variable returns through its power over the relevant activities of the entity.

As established in IFRS 10, the Group analyzes the purpose and structure of the way in which an entity's operations are carried out when assessing control over it.

Subsidiaries are fully consolidated from the date the Group obtains control of their activities until that control ceases.

Third-party shareholdings in these companies are disclosed under Non-controlling interests. The accumulated losses of a subsidiary are attributed to non-controlling interests in the proportions held, which may lead to the recognition of negative non-controlling interests. Gains or losses arising from the dilution or sale of part of the shareholding in a subsidiary, with loss of control, are recognized by the Group in the income statement.

Balances and transactions eliminated in consolidation

Balances and transactions between Group companies, including any unrealized gains or losses resulting from intra-group operations, are eliminated in the consolidation process, except in cases where unrealized losses suggest impairment that should be recognized in the consolidated financial statements.

2.3 Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (Kwanza) at the exchange rate prevailing on the transaction date.

Foreign currency transactions are recorded in accordance with the principles of the multi-currency system, with each transaction being recorded according to the respective denomination currencies. Assets and liabilities stated in foreign currency are translated into Kwanzas at the average exchange rate published by the Banco Nacional de Angola as at the balance sheet date. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the average exchange rate published by the Banco Nacional de Angola on the date the fair value is determined and recognized against profit or loss. Income and expenses related to exchange rate differences, whether realized or potential, are recorded in the income statement in the period in which they occur under Foreign exchange gains/(losses). The "forward currency position" transactions relate to currency forward contracts, and the related income and expenses are recorded under the caption Net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the income statement.

As at 31 December 2023 and 31 December 2022, the exchange rates of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	2023/12/31	2022/12/31
1 USD	828,800	503,691
1 EUR	915,990	537,438

Forward currency position

The forward currency position corresponds to the net balance of forward transactions pending settlement. All contracts related to these transactions are revalued at market forward exchange rates.

The difference between the equivalent in Kwanzas at the forward revaluation rates applied, and the equivalent at the contracted rates, is recorded under assets or liabilities caption, against income or expenses, respectively.

2.4 Financial instruments

2.4.1 Classification of financial assets

In accordance with IFRS 9 - Financial Instruments, financial assets can be classified into three categories with different measurement criteria:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets depends on the business model and the contractual cash flow characteristics (SPPI criterion).

Business model

The business models foreseen in the standard are as follows:

- Business model whose objective is achieved by holding the asset to maturity to collect the contractual cash flows therefrom (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows from the asset and selling it (Held to collect and sell); and
- Other business models (e.g., trading).

Evaluation of the business model

The business model reflects the way the Group manages its assets from a cash-flow generation standpoint. Thus, it is important to understand whether the objective of the Group is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations apply (e.g., financial assets are held for trading), the financial assets are classified as part of “other business models” and recognized at fair value through profit or loss.

The factors considered by the Group in identifying the business model for a set of assets include past experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Financial assets at fair value through profit or loss are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly-managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These assets are classified under “other business models” and recognized at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, and considers the frequency, the value, the sales calendar in previous periods, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that can modify the timing or the amount of the contractual cash flows (such as early amortization or extension of term clauses), the Group determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of that contractual clause, are solely payments of principal and interest on the principal amount outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the benchmark interest rate (for example, the interest rate is adjusted every three months), the Group assesses, at the time of the initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Contractual conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortized cost or at fair value through other comprehensive income.

SPPI assessment

When the business model involves holding assets in order to (i) collect contractual cash flows or (ii) collect contractual cash flows and sell these assets, the Group assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal amount outstanding (SPPI test). In this assessment, the Group considers whether the contractual cash flows are consistent with a basic loan agreement, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a basic loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are considered in their entirety, when determining whether the cash flows correspond solely to payments of principal and interest on the principal outstanding (SPPI test).

Financial liabilities at amortized cost

The Bank measures a financial asset at amortized cost if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose main purpose is to hold the assets to collect its contractual cash flows (HTC - Held to collect); and
- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI).

These instruments are initially recorded at fair value and subsequently valued at amortized cost, based on the effective interest rate method and are subject to impairment tests.

This category of Financial assets at amortized cost includes Other loans and advances to credit institutions, Loans and advances to customers and debt securities (Investments at amortized cost) managed based on a business model whose objective is to receive its contractual cash flows.

Financial assets at fair value through other comprehensive income

The Group measures a financial asset at fair value through other comprehensive if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose objective is to hold the assets to collect its contractual cash flows and sell them (HTC and Sell – Held to collect and Sell); and
- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI - Solely Payments of Principal and Interest).

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably assign it to this category. This designation is made on a case-by-case, investment-by-investment basis and is only available for financial instruments that meet the definition of equity instruments under IAS 32 and may not be used for financial instruments classified as equity instruments at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific item of equity (Reserves of financial assets at fair value through other comprehensive income) until they are sold, where they are reclassified to profit or loss for the period, except for equity instruments which are reclassified to retained earnings. Additionally, they are subject, since their initial recognition, to calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognized in the income statement under the caption Interest income and similar income. Income from variable-income securities is recognized in the income statement caption Income from equity instruments on the date when it is attributed. In accordance with this criterion, prepaid dividends are recorded as income in the year the distribution is decided.

Financial assets at fair value through profit or loss

All financial assets that are not measured according to the methods described above are measured at fair value through profit or loss.

Debt instruments whose contractual cash flow characteristics do not meet the SPPI criterion, and which would otherwise be measured at amortized cost or at fair value through other comprehensive income, are required to be measured at fair value through profit or loss.

This category also includes assets acquired for the purpose of realizing gains from short-term fluctuations in market prices. This category also includes derivative financial instruments, excluding those that comply with hedge accounting requirements. By default, equity instruments are also classified at fair value through profit or loss, unless the entities opt for the irrevocable classification at fair value through other comprehensive income as referred to above.

In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at fair value through profit or loss if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognized at fair value. Gains and losses arising from subsequent valuation at fair value are recognized in the income statement. Income is reflected in the respective captions of Interest and similar income.

Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer's perspective, which means, instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer's net assets. An example of equity instruments are ordinary shares.

Investments in equity instruments are an exception to the general measurement criteria described above. As a general rule, the Bank has the option, on initial recognition, to designate, irrevocably, in the category of financial assets at fair value through other comprehensive income, the investments in equity instruments that are not classified as held for trading and that, in the event it did not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss.

2.4.2 Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realized through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortized cost
Financial liabilities correspond essentially to Deposits from central banks and other credit institutions and Deposits from customers and other loans. These liabilities are initially measured at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortized cost, in accordance with the effective interest method.

ii. Financial liabilities held for trading
This category includes derivative financial instruments with a negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)
The Bank designates, at initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option) provided that at least one of the following requirements is met:

- the financial liabilities are managed, measured and analyzed internally based on their fair value;
- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and
- the financial liabilities contain embedded derivatives.

The subsequent measurement of financial liabilities is generally performed at amortized cost. There are some exceptions to this measurement basis, namely:

- Financial liabilities that are held for trading or when fair value option is applied - the subsequent measurement consists of fair value through profit or loss.
- Financial guarantees - the subsequent measurement consists of the higher of the corresponding expected credit losses and the amount of the initial fee received less the amounts already recognized as revenue in accordance with IFRS 15.

2.4.3 Recognition and initial measurement of financial instruments

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognized in the income statement.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not carried out the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalization expenses.

Financial assets are recognized in the balance sheet on the transaction date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of rights occurs at a later date.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognize this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and
- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through the liquidation of the asset or liability.

2.4.4 Subsequent measurement of financial instruments

After its initial recognition, the Bank measures its financial assets at (i) amortized cost, at (ii) fair value through other comprehensive income, or at (iii) fair value through profit or loss. Amounts receivables from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

2.4.5 Income and expenses of financial instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in the income statement under Interest and similar income and Interest and similar expense, using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest is applied on the book value net of impairment) and the interest already recognized and unpaid relating to overdue loans for more than 90 days is reversed, being recognized only when received since it is considered that its recovery is remote, and recognized off balance sheet; and

ii. The remaining changes in value will be recognized in the income statement as income, or expenses, when the financial instrument is derecognized from the balance sheet under Net gains/(losses) on investments at amortized cost, when it is reclassified, and in the case of financial assets, when there are impairment losses or gains through recovery, which are recorded under Impairment of loans and advances to customers net of reversals and recoveries, in the case of loans and advances to customers or under Impairment of other financial assets net of reversals and recoveries, in the case of other financial assets.

In order to determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, without considering possible impairment losses. The calculation includes all fees paid or received considered as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit or loss.

Treasury Bonds issued in national currency indexed to the exchange rate of the United States Dollar (hereinafter US Dollar) are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is recorded in the caption Foreign exchange gains/(losses) and the result of the exchange rate adjustment of the discount and accrued interest is recorded under Net interest income – Interest and similar income.

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument's income, which is recorded as interest or dividends according to its nature under the captions Interest and similar income and Income from equity instruments, respectively, and the remainder, which is recorded as results of financial operations under the caption Net gains/(losses) on financial assets and liabilities at fair value through profit or loss; and

ii. Interest on debt instruments is recorded in the income statement under the caption Interest and similar income and is calculated using the effective interest rate method.

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in the income statement under the caption Interest and similar income and Income from equity instruments, respectively. For interest, the procedure is the same as for assets at amortized cost;

ii. Foreign exchange differences are recognized in the income statement under Foreign exchange gains/(losses), in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets;

iii. In the case of debt instruments, impairment losses or reversals are recognized in the income statement under Impairment losses on other financial assets, net of reversals and recoveries; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in the income statement for the financial year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the net profit/(loss) for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining under a caption of reserves.

2.4.6 Reclassification between categories of financial instruments

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets Financial assets are reclassified to other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and any previously recognized gains, losses (including those related to impairment) or interest are not restated. Financial assets, at the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or financial instruments designated at fair value through profit or loss, is not allowed.

The reclassification of financial liabilities is not allowed.

During the period ended 31 December 2023, the Bank did not reclassify any financial instruments.

2.4.7 Fair value

In accordance with IFRS 13, financial instruments at fair value are measured according to the valuation levels described in Note 30.4.

2.4.8 Modification of loans and advances

The Bank occasionally renegotiates or modifies contractual cash flows from loans and advances to customers. In this situation, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- If any significant new term has been introduced, such as profit-sharing or an equity-based return, which substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted; and
- Inclusion of a collateral, a guarantee or other improvement associated with the loan, which significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognized financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the book value are recognized in the income statement, as a derecognition gain or loss.

If the terms of the contract are not significantly different, the renegotiation, or modification, does not result in derecognition and the Bank recalculates the gross book value based on the revised cash flows of the financial asset and recognizes a gain or loss from this modification in the income statement.

The new gross book value is recalculated discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired financial assets, originated or acquired).

After the modification, the Bank can determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12 month-ECL). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract for a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets

2.4.9 Derecognition not resulting from a modification

Financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and rewards of ownership of the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and rewards of ownership of the asset and does not hold control over the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded under Other operating income/(expenses). These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions result in the derecognition of the asset if the Bank:

- Has no obligation to make payments unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognized because the Bank holds substantially all the risks and rewards based on the pre-established repurchase price, and therefore the derecognition criteria are not met (see Note 2.4).

Financial liabilities are derecognized when the underlying obligation is settled, expires, or is canceled.

2.4.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;
- The loans must be past due for more than 210 days; and
- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.4.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments assumed.

The requirements of IFRS 9 aim to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses on debt instruments that are measured at amortized cost are recognized against an accumulated impairment caption in the balance sheet, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognized in the income statement under the caption Impairment losses on loans and advances to customers, net of reversals and recoveries and those of the remaining financial assets under the caption Impairment losses on other financial assets, net of reversals and recoveries.

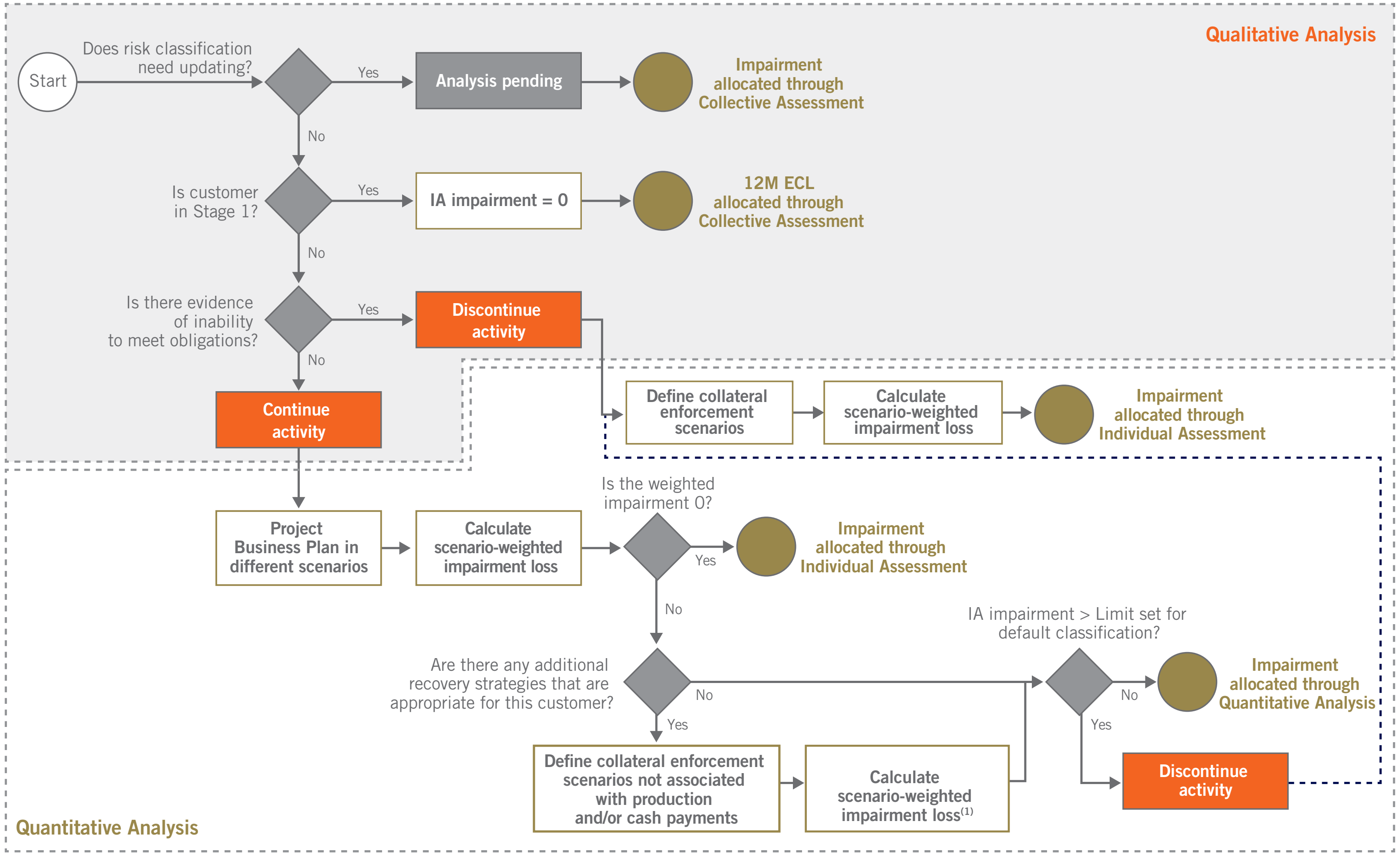
Impairment losses on exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision under Provisions in liabilities, in the balance sheet. Charges for the period and reversals are recorded under the caption Provisions, net of reversals in the income statement.

Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and Retail customers, hereinafter “Retail”) considered as individually significant. These are analyzed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and Retail) that are individually significant are considered:

- Customers/economic groups with no signs of impairment with exposure greater than or equal to 0.1% of FPR;
- Customers/economic groups with signs of impairment with exposure greater than or equal to 0.02% of FPR;
- Customers restructured due to financial difficulties with exposure above AOA 50 million.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit
- Overdrafts
- Credit cards
- Car loans
- Mortgages
- Small and Medium-sized Businesses - less significant exposures
- Large Businesses – significant exposures
- Government
- Credit institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, the Bank classifies financial instruments into three stages of impairment, as described below:

- Stage 1: Classification to be applied on initial recognition of the financial instruments or in the event of not meeting any of the classification criteria of the other impairment stages
- Stage 2: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since their origin
- Stage 3: All financial instruments that are in default according to the Bank's internal definition and in line with Instruction No. 8/2019 will be classified under this stage.

The Stage 2 criteria for classification are as follows:

Marking

- Product contracts other than overdrafts, with credit more than 30 days overdue;
- Overdraft product contracts with credit more than 15 days overdue;
- Customer with at least one credit operation restructured due to financial difficulties in the last 12 months;
- Customers with an operation in litigation in the last 5 years;
- Customers with bounced checks and/or inhibited from using checks according to the information available at CIRC (Angolan Centralized Credit Register);
- Customers with unauthorized overdrafts;
- Customers with revolving operations (overdrafts, credit cards and escrow accounts) above the limit formally contracted, or revolving credit operations used permanently at least 95% of the limit initially contracted in the last 12 months; and
- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%.

For individually analyzed customers the following additional criteria are considered:

- Customers with a credit operation in the financial system more than 90 days in arrears, principal or interest written off/canceled or in litigation;
- Customer subject to Special Recovery Programs;
- Customers with overdue debts to the Tax Administration and/or Social Security;
- Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganization process;
- Significant change in the Customer's operating results (Companies), for customers subject to Individual Analysis.

Propagation

- Propagation of all operations to Stage 2 if the total exposure of the operation in Stage 2 is greater than or equal to 20% of the Customer's exposure.

Applicable only to Stage 3 Customers, the default classification criteria, are as follows, provided they have (i) Absolute Materiality: >= AOA 5,000 of overdue loans; (ii) Relative materiality: 1% Corporate and 2.5% Retail, of the Customer's asset exposure.

Classification

- Contracts with overdue credit for more than 90 days;
- Restructured contracts with overdue credit for more than 30 days; and
- Restructurings with material loss or grace period of the principal or arising from contracts already at Stage 3.

For individually analyzed customers the following additional criteria are considered:

- Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency.

Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure.

Unmarking

- Contracts with overdue credit for more than 90 days: 12-month quarantine period (at least 6 months in Stage 3 and 6 months in Stage 2) with no default activation criteria; and
- Restructured credits: a quarantine period (at least 12 months) is applied with payment of principal and interest without overdue exposure for a period greater than 30 days.

In calculating collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: The exposure at default (EAD) is the estimated amount outstanding in the event of default. This component is relevant for financial instruments that have a variable amortization structure depending on the Customer use (credit current accounts, credit cards, in general any revolving product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, the current levels of use and the value of the cap.

b) Probability of default (PD): the Bank applies a methodology for calculating the probability of default forecast for each borrower for the entire loan portfolio and for each risk segment. This parameter is used directly to calculate the ECL of operations in Stage 1 and 2 of impairment. Thus, for Stage 1 the 12-month period should be considered and for Stage 2 the residual maturity of the operation.

c) Loss given default (LGD): is the percentage of debt that will not be recovered in the event of a Customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically to reflect the economic position and to be representative of the current economic context at all times.

The models also incorporate prospects of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or recoverability indicators of the Bank, namely:

- Real GDP
- Growth rate of non-oil GDP
- (Parallel) USD/AOA exchange rate - end of period
- Luanda Consumer Price Index
- Real Effective Exchange Rate (REER)

In the review processes, the necessary improvements will also be made as detected in the backtesting exercises.

Additionally, BFA updated the regressions, scenarios and macroeconomic weightings in its impairment model. However, it is not possible to quantify the impact of the forward-looking adjustment via COVID-19 separately, since the Bank also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, definition of default and segmentation.

Impairment model for other financial instruments

(Deposits at other credit institutions and Investments at amortized cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortized cost.

Stage 1 - Financial assets with no significant increase in credit risk since initial recognition
Assets that do not have a significant increase in credit risk since initial recognition are classified in Stage 1. The calculation of impairment losses for these exposures with a maturity of 12 months.
In assessing the existence of a significant increase in the credit risk for the financial asset portfolio, an increase of more than two notches is considered for a significant increase in the credit risk, in accordance with the information published by the international rating agency Moody's.

Stage 2 - Financial assets with significant increase in credit risk since initial recognition
Whenever the existence of a significant increase in the counterparty's credit risk is determined, the exposure is classified as Stage 2.
For these exposures, the Bank measures the impairment losses over the respective residual maturity.

Stage 3 - Financial assets in default
This stage includes all financial instruments for which events of default have been verified for more than 90 days.
Impairment losses for debt securities, investments and cash and cash equivalents in other credit institutions are calculated based on the credit risk parameters (probability of default and loss given default) provided by the international rating agency Moody's.
For the purposes of calculating impairment losses, the Bank also considers risk mitigation through the fair value of financial collateral and mortgage collateral.

2.5 Operations with repurchase or resale agreement

Securities sold a repurchase agreements (repos) for a fixed price or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognized from the balance sheet and are revalued in accordance with the accounting policy of the category to which they belong.
The corresponding liability is accounted for under Deposits from customers or Deposits from credit institutions, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is accrued over the life of the agreement using the effective rate method.

Securities purchased as resale agreements (reverse repos) for a fixed price or for a price that equals the purchase price plus interest inherent to the term of the operation are not recognized in the balance sheet, and the purchase price being recorded under Investments at amortized cost or Other loans and advances to credit institutions, as appropriate. The difference between the purchase price and the resale price is treated as interest and is accrued over the life of the agreement using the effective interest rate method. The amounts receivable are collateralized by the associated securities.

2.6 Financial instruments derivatives

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognized in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

Hedging derivatives

The Bank had no hedging derivatives at the date of the first adoption of IFRS 9, however it took the decision to continue to apply as a policy, the accounting treatment of IAS 39 as permitted by IFRS 9.

The Bank designates derivatives and other financial instruments to hedge interest rate and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

Hedging derivatives are recorded at fair value and the gains or losses resulting from their remeasurement are recognized in accordance with the hedge accounting model adopted.

A hedging relationship exists when:
- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange changes arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognized in profit or loss for the period, as are the changes in the foreign exchange risk of the underlying monetary elements.

i. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the risk covered. If the hedging relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and the hedge accounting is subsequently discontinued (the adjustment made to the book value of a hedging instrument, for which the effective interest rate method is used, is amortized through profit or loss for the period until its maturity and recognized in Net interest income). If the hedged asset or liability corresponds to a fixed-income instrument, the accumulated gains or losses in respect of changes in the interest rate risk associated with the hedging item until the date the hedging is discontinued, are amortized through profit or loss over the remaining period of the hedged item.

ii. Cash flow hedges

Changes in the fair value of derivatives, which qualify as cash flow hedges, are recognized in equity - cash flow reserves - for the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognized in the income statement when they occur.

The amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects results.

When the hedging instrument is derecognized or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity until the date the hedging is discontinued can be:
- deferred for the remaining period of the hedged instrument; and
- recognized immediately in profit or loss for the period if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in fair value of the derivative recorded in equity remains there until the future transaction is recognized in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognized in the income statement.

As at 31 December 2023 and 31 December 2022, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented under assets, when their fair value is negative, they are classified under liabilities, in both cases under financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

There is an embedded derivative when a part of the financial instrument traded by the Bank trades contains a derivative and a non-derivative component. This component of the derivative is identified as an "embedded derivative", while the remainder of the contract is described as a "host contract".

Derivatives embedded in financial instruments are separately accounted for whenever:
- the risks and rewards of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid instrument (as a whole) is not initially recognized at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss. As at 31 December 2023, the Bank did not hold any embedded derivatives disclosed in its financial statements.

2.7 Equity instruments

A financial instrument is classified as an equity instrument when it meets the definition of equity from the issuer's perspective, i.e., there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to a third party, regardless of its legal form, evidencing a residual interest in the assets of the issuing entity after deducting all of its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Income from equity instruments (dividends) is recognized when the right to receive it is established and are deducted to equity.

2.8 Intangible assets and Other tangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that future economic benefits will flow from the asset and iii) the cost of the asset can be reliably measured.

The cost of acquisition of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to IT software, are recorded at acquisition cost, and are amortized on a straight-line basis over a three-year period.

Other tangible assets is recorded at cost of acquisition less accrued amortization and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The cost of acquisition of property, plant and equipment comprises the purchase price of the asset, expenses directly attributable to its acquisition and costs incurred in preparing the asset to be ready for its intended use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognized as part of the construction cost of the asset.

Land is not depreciated.

Depreciation is calculated on a straight-line basis, according to the useful life estimated by the Bank, which corresponds to the following years of useful life:

	Years of useful life
Real Estate for own use (Buildings)	50
Improvements in leased buildings	10
Equipment:	
Furniture and material	10
IT equipment	3
Indoor facilities	10
Transport equipment	3 and 5
Machines and tools	6 and 7
Automatic data processing system (Software)	3

As mentioned in Note 2.18, this caption includes right-of-use assets arising from lease agreements.

2.9 Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale when their book value is intended to be realized mainly through a sale transaction rather than through their continued use in the Bank's activities.

The value of assets received as payment in kind is initially recorded at the lower of the fair value net of selling costs and the book value of the loan at the date the payment in kind was made.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognized as income for the period, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognized as a cost for the period.

Assets recorded under this caption are not amortized and are valued at the lower of book value and fair value. The fair value of these assets is determined based on periodic valuations performed by independent valuers. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Impairment of other assets, net of reversals and recoveries.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

2.10 Impairment of non-financial assets

When there are signs that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss shall be recognized whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and are reversed in subsequent reporting periods, when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not exceed the book value that would be accounted, had no impairment losses been allocated to the asset, considering its depreciation.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of derecognition of a non-financial asset, the gain or loss calculated as the difference between the fair value less costs to sell and the net book value is recognized in the income statement under Net gains/(losses) on sale of other assets.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, Cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including Cash and deposits at central banks and Deposits at other credit institutions (Notes 4 and 5), and do not include impairment losses.

2.12 Dividends

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed. Dividends are recorded under Net gains/(losses) on financial operations, Net gains/(losses) on other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.13 Commissions

Income from services and commissions is recognized as revenue from customer agreements to the extent that the performance obligations are satisfied:

- when they are obtained as the services are rendered, their recognition in profit or loss is made in the period to which they relate; and
- when they result from the rendering of services, their recognition is made when that service is completed.

When they are an integral part of the effective interest rate of a financial instrument, the income resulting from services and commissions are recorded in net interest income.

2.14 Employee benefits

Short-term benefits are reflected under Staff costs in the period to which they relate, in accordance with the accrual accounting principle.

The Bank grants variable remuneration to its employees and directors as a result of their performance (performance bonus). The Executive Committee of the Board of Directors is responsible for establishing the respective allocation criteria for each employee, and the Remuneration Committee is responsible for establishing the criteria at director level. The variable remuneration paid to employees and directors is recorded against profit or loss in the period to which it relates, although payable in subsequent periods (Note 24).

In November 2022, Order No. 3923/22 ((Official Gazette) No. 123 of Series II) published the Addendum to the BFA Pension Fund and the New Pension Plan. The new Pension Plan defines a mixed contribution system between the Associate (BFA) and the Employees and establishes the associate's rate at 7.5% on the pensionable salary, also defining a variable employee contribution between 2.5% and 10% on the pensionable salary.

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognized as an expense for the period when due (Note 25).

Employment termination benefit

This type of benefit is recognized when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognizes a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognizes the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.15 Income tax and other taxes

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the period, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future periods according to the applicable tax laws (Corporate Tax Code).

Deferred tax

Deferred tax corresponds to the impact on tax recoverable/payable in future periods resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force at the financial reporting date, and which is estimated to be applicable on the date of realization of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognized up to the amount by which it is probable that future taxable income will exist, to allow for the use of the corresponding deductible temporary differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial Tax

As at December 31, 2023, the Bank is subject to an Industrial Tax under the terms of the General Tax System. The taxation of its income is carried out under the terms of Law No. 26/20, of July 20 (which revoked Law No. 19/14, of October 22) and, currently, the applicable tax rate is 35%.

The income from public debt securities, resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, whose issue is regulated by the Framework Law of Direct Public Debt (Law No. 16/02, of December 5) and by Regulatory Decrees No. 51/03 and 52/03, of July 8, as well as the other income obtained by the Bank subject to Capital Gains Tax (IAC), are exempt from Corporate Tax, in accordance with the provisions of Article 47(1)(b) of the Corporate Tax Code. This article expressly states that in order to determine the taxable amount, income or gains subject to IAC must be deducted from the net profit calculated under the terms of the previous articles.

Moreover, this law enshrined, among other changes, the eligibility for tax purposes of favorable and unfavorable exchange rate variations as accepted income and costs for tax purposes, respectively. Likewise, provisions/impairment on secured loans are no longer accepted as a cost, except for the part not covered.

In addition, the Industrial Tax is subject to provisional assessment in a single installment to be made by the end of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to capital gains tax (taxpayers who have presented losses in the previous year are exempt from the provisional assessment).

Tax returns are subject to review and correction by tax authorities for 5 (five) years, which may result in possible amendments to the taxable income for the years 2018 to 2023.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the tax treatment applicable under the legislation issued. In situations where the tax interpretation is questioned by the Tax Authorities (AGT), Management reassesses the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected amount of tax assets or liabilities to be recorded.

Capital Gains Tax (IAC)

The new IAC Code, approved by Presidential Legislative Decree No. 2/2014, of 20 October, came into force on 19 November 2014.

The IAC is generally levied on income from the Bank's financial investments. The rate varies between 5% (in the case of interest received on debt securities which are admitted to trading on a regulated market and which have a maturity of three years or more) and 15%.

Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the AGT and the Banco Nacional de Angola addressed to the Angolan Banks Assotiation (in Portuguese, Associação Angolana de Bancos) (letter from the Banco Nacional de Angola dated 26 September 2013), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

This income from Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 2013, is subject to IAC at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and which have a maturity of three years or more).

On 1 August 2013, the automation process to withhold tax was initiated, by the BNA, in respect of IAC, in accordance with the provisions of Presidential Legislative Decree No. 5/11, of 31 December. IAC is generally levied on the income from the securities identified above and is withheld by the Bank. For these reasons, the Bank considers that the conditions to consider IAC as an income tax under IFRS are fulfilled.

Value Added Tax (VAT)

Law No. 7/19 introduced VAT, which has been in force since 1 October 2019, repealing the Consumption Tax Regulation (IC) and introducing relevant amendments to the Stamp Duty Code (IS).

Under the terms of the VAT Code approved by Law No. 7/19 and the amendments introduced by Law No. 17/19 of August 13, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods.

Nevertheless, the VAT Code provides for the exemption of certain transactions, including the exemption applied to financial intermediation transactions, including those described in Annex III to this Code, except those which give rise to the payment of a specific and predetermined fee or consideration for their performance. This exemption does not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with exempt transactions.

It should be noted that the VAT rate in force in Angola, applicable to transactions subject and not exempt from VAT, is 14%. Additionally, and in accordance with Article 21(2) of the VAT Code, commercial banks must withhold 50% of the tax included in the invoice or equivalent document issued by the taxpayer at the time of transfer of goods or rendering of services (except for the transfers of goods or services listed as excluded from this withholding tax). In this regard, the withholding of this tax must be made in the periodic VAT return for the month in which this tax becomes chargeable under the terms of Article 21(3) of the VAT Code (i.e., upon receipt of the respective invoice or equivalent document by the entities subject to the withholding VAT system).

However, Instruction No. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, has clarified that transfers of goods to any withholding entities whose payment is made by debit in the account, with the exception of the State, are exempt from withhold. Examples of these situations are transfers of goods within the scope of banking and financial operations in which the Institutions debit the customer's account, namely: (i) the transfer of leased assets to the respective lessee when the stipulated purchase option is exercised, as well as (ii) the sale of point-of-sale (POS) systems as part of the institutions' provision of payment card acceptance services to their customers.

Under the terms of Article 10(1) of the VAT Code, for the purposes of this tax, and as a general rule, the rendering of services takes place within the national territory when the purchaser has domicile, head office or fixed establishment therein for which the services are acquired. In this context, Article 29(2) of the VAT Code, in conjunction with Article 2(1)(d) of the same tax compendium, provides for a reverse charge mechanism, whereby "whenever the purchaser is a taxable person, the tax is payable by that purchaser, in respect of services rendered within national territory, under Article 10 of the VAT Code, where the service provider is a non-resident taxable person and does not have a fixed establishment in national territory", i.e., the purchaser, a VAT taxpayer in Angola, must (self)assess the Angolan VAT due on the rendering of services in Angola, when these are rendered by non-resident suppliers.

Moreover, considering the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e., transactions subject to VAT) and transactions which do not grant the right to deduct (i.e., transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method.

Nevertheless, the Bank, as a taxable person subject to the general VAT system, may, under the terms of Article 27(2) of the VAT Code, adopt the actual allocation method regarding the VAT incurred on goods for sale. This method of deduction consists of the possibility of deducting all the tax incurred in the acquisition of goods in transactions which give rise to a right to deduct, but excludes the possibility of deducting the tax incurred in transactions which do not give rise to this right, under the terms of Articles 22 and 24 of the VAT Code. The goods whose tax may be deducted according to the actual use method are subject to prior authorization by the Tax Authorities. Additionally, Instruction No. 000003/DNP/DSIVA/AGT/2020, referred to below, established that credit institutions may adopt the actual allocation method to deduct the VAT incurred on the acquisition of goods and services "exclusively used" to carry out:

I. Financial lease operations;
II. Financial operations carried out by institutions without head office or permanent establishment in national territory ("correspondent banks") for Angolan institutions;
III. Operations covered by the provisions of Article 6(3) of the VAT Code, namely the re-invoicing of goods and/or services acquired by the institutions in their own name, but on behalf of third parties, to whom the respective goods and/or services are re-invoiced, with a view to obtaining a refund (cost recovery).

For the purposes of VAT deduction according to the mentioned method, credit institutions must prepare a letter addressed to the VAT Services Department (in Portuguese, Direcção dos Serviços do IVA), requesting the amendment of the statement on the commencement of operations, as well as the respective compliance with the obligations foreseen in the VAT Code regarding the accounting record of the operations, in order to allow the control of the operations whose tax was deducted according to the actual allocation method.

Moreover, the Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents (in Portuguese, Regime Jurídico das Facturas e Documentos Equivalentes (RJFDE)), in force since April 2019. Within this scope, the economic agents with a turnover equal or superior to Kwanzas equivalent to USD 250 thousand must issue the invoices or equivalent documents through a certified invoicing system.

Property Tax

In accordance with the provisions of Law No. 20/20, published on July 9, which approved the new Property Tax Code and revoked the previous law, the Bank withholds Property Tax at a rate of 15% (considering that the taxable amount of these properties corresponds only to 60% of the value of the rents received during the year, since the applicable tax rate is 25%), on the payment or delivery of rents on rented property, with the exception of land for construction, for which Property Tax will be due at a rate of 0.6% of the asset value.

Property Tax will be due on non-rented property in accordance with the following ranges:

- A rate of 0.1% on the asset value, applicable to real estate with an asset value below AOA 5,000,000;
- A fixed value of AOA 5,000 for properties with an asset value above AOA 5,000,000 and below AOA 6,000,000;
- A rate of 0.5% on the asset value exceeding AOA 5,000,000, applicable to real estate with an asset value above AOA 6,000,000.

In the transfer with or without consideration of property, the taxable amount corresponds to the asset value as stated in the land registry at the date of transfer, the value determined by evaluation, in the case of an omitted building, or the declared value, whichever is greater. The transfer of real estate assets is subject to property tax at the rate of 2%, the charge and liability for settlement of which should fall on the Bank whenever it acts as purchaser.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, labor income tax, as well as other taxes.

2.16 Provisions and contingent assets and liabilities

Provisions

A provision is set up when there is a present obligation (legal or constructive) as a result of a past event for which the future outflow of resources is probable and can be reliably measured. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision in question.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - Provisions, contingent liabilities and contingent assets.

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

Provisions for loan commitments and financial guarantees provided are measured according to the impairment model implemented as described in Note 2.3.11.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate and are reversed against profit or loss in the proportion of the payments that are not probable.

Provisions are derecognized through their use for the obligations for which they were initially recognized or for the cases that the situations were no longer observed.

Contingent Assets

Contingent assets are not recognized in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources.

Contingent Liabilities

Contingent liabilities are not recognized in the financial statements, but are covered by IAS 37 and disclosed whenever the possibility of an outflow of resources involving economic benefits is not remote. The Bank records a contingent liability when:

i) it is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Bank's control; or,
ii) it is a present obligation that arises from past events, but is not recognized because:
   a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
   b) the amount of the obligation cannot be measured with sufficient reliability.

Identified contingent liabilities are subject to disclosure unless the possibility of an outflow of resources embodying economic benefits is remote.

2.17 Financial and performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments in order to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognized in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount, and performance of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market conditions. Thus, the amount recognized on the contracting date equals the amount of the initial commission received, which is recognized in the income statement during the period to which it relates. Subsequent commissions are recognized in the income statement, in the period to which it relates.

Performance guarantees

Performance guarantees are contracts that result in one party being compensated if it fails to perform its contractual obligation. Performance guarantees are initially recognized at fair value, which is normally stated by the amount of commissions received over the life of contract. Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognized in Loans and advances to customers, following the transfer of the loss compensation to the guarantee beneficiary.

2.18 Leases

IFRS 16 sets out requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single accounting model for lease agreements that results in the recognition of a right-of-use asset and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognize the lease payments associated with those contracts as External supplies and services.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has low value, and the option of not applying this standard to leases of intangible assets has also been used.

Definition of a lease

A contract is or contains a lease if it conveys the right to control the use of an identified asset, that is, obtaining substantially all of the economic rewards of its use, and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

Impacts from the lessee's perspective

The Bank recognizes for all leases, except for leases with a period of less than 12 months or for leases of low-value assets:

- a right-of-use asset, initially measured at cost, considering the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be incurred by the lessee in dismantling and removing the underlying asset and/or restoring the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each agreement and to impairment tests);
- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:
- fixed payments, less leasing incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;
- the amounts payable by the lessee as residual value guarantees;
- the exercise price of a call-option, if the lessee is reasonably certain to exercise that option; and
- sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

The lease liability is measured at amortized cost using the effective interest rate method.

Since the interest rate implicit in the lease cannot be readily determined (paragraph 26 of IFRS 16), the lease payments are discounted at the lessee's incremental borrowing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease agreement. For open-ended contracts, this date is considered to be the end date of the lease. For other open-ended contracts, the period within which the lease will be enforceable is assessed, as well as any economic penalties associated with the lease. When assessing enforceability, the specific clauses of the contracts are considered, as well as the legislation in force regarding Urban Leases.

Subsequently, the lease liability is measured as follows:

- by an increase in its carrying amount to reflect interest thereon;
- by a decrease in its carrying amount to reflect lease payments; and
- the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments fixed in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the right-of-use asset whenever:

- there is a change in the lease term or in the assessment of a call-option over the underlying asset, in which case the lease liability is remeasured, discounting the revised lease payments and using a revised discount rate;
- there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from the change in an index or rate used to determine those payments, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
- a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a call-option, the right-of-use asset should be depreciated/amortized from the lease start date until the end of the useful life of the underlying asset.

The estimated useful life of the right-of-use assets is determined following the same principles as for Property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted by certain remeasurements of the lease liability.

Depreciation/amortization begins on the date the lease takes effect.

Accounting for leases from the lessee's perspective in the Bank's financial statements is as follows:

In the income statement:

- recording in Net interest income of interest expense related to lease liabilities.
- recording in Other administrative expenses of the amounts related to short-term lease agreements and lease agreements for low-value; and
- recording in Depreciation and amortization for the period of the depreciation expense of assets under right-of-use. In the balance sheet
- recognition of right-of-use assets under "Other property, plant and equipment"; and
- recording of the value of the lease liabilities recognised under "Other liabilities".

Impact from the lessor's perspective

As at 31 December 2023 and 31 December 2022, the Bank has no lease agreements in which it is the lessor.

2.19 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of own shares held by the Bank.

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion into shares decreases earnings per share.

If earnings per share change as a result of an issue with a premium or discount or other event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively (see Note 19).

2.20 Subsequent events

The Bank analyzes events that occur after the balance sheet date, i.e., favorable and/or unfavorable events that occur between the balance sheet date and the date on which the financial statements were authorized for issue. In this context, two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered as adjustable events, if material, are disclosed in the notes to the financial statements.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the Bank's reported results and their disclosure, considering the context of uncertainty resulting from the impact of the devaluation of the functional currency. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different should a different treatment be chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements give a true and fair view of the Bank's financial position and the result of its operations in all material respects.

3.1 Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:
Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for Stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for Stage 2 and 3 assets. An asset is classified as Stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

b) Definition of groups of assets with common credit risk characteristics:
When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

c) Probability of default:
The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given period, which is calculated based on historical data, assumptions, and expectations about future conditions.

d) Loss given default
Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, either through the cash flows generated by the customer's business or loan collateral. The calculation of the estimated loss given default is based, among other aspects, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collaterals associated with loan operations.

This assessment is performed using internal and external information and includes the use of assumptions and judgments in its modeling, the change of which could determine different results.

Consequently, the use of different methodologies or different assumptions or judgments in measuring impairment could lead to different results from those reported and summarized in Notes 6, 8, 9 and 30.

Finally, the Bank considers that the impairment determined based on this methodology allows an adequate reflection of the risk associated to its financial assets, considering the rules established by IFRS 9 - Financial Instruments.

3.2 Fair value of derivative financial instruments and other financial assets and liabilities measured at fair value

Fair value is based on market quotations, when available, and, in their absence, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could give rise to different financial results from those reported in Notes 7 and 30.4.

3.3 Provisions

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions, which are presented in Note 17.

Changes to these assumptions could have a significant impact on the values determined.

4. CASH AND DEPOSITS AT CENTRAL BANKS

As at December 31, 2023, and December 31, 2022, the caption Cash and deposits at Central Banks is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Cash		
National currency - banknotes and coins	21 416 760	22 604 555
Foreign currency - banknotes and coins		
In United States dollar	2 746 929	1 538 022
In Euro	2 179 124	1 108 194
In other currencies	555 764	292 435
	26 898 577	**25 543 206**
Deposits at Central Bank		
Demand deposits at the Banco Nacional de Angola (BNA)		
In national currency	153 175 534	120 949 495
In United States dollar	199 652 609	171 976 791
In Euro	176 920 075	107 835 232
	529 748 218	**400 761 518**
TOTAL	**556 646 795**	**426 304 724**

Demand deposits at the BNA in national and foreign currency aim to comply with the provisions in force regarding the reserve requirement to be maintained and are not remunerated. As at 31 December 2023, the minimum reserve requirements amounted to AOA 100,838,260 thousand in national currency and AOA 297,515,264 thousand in foreign currency (2022: AOA 52,545,939 thousand and AOA 189,285,211 thousand, respectively).

As at 31 December 2023, the reserve requirements are calculated in accordance with the provisions of BNA Instruction No. 04/2023, of 30 March 2023, and BNA Directive No. 12/2023 of 28 November 2023. The currencies for compliance with the minimum reserve requirements in Foreign Currency are the US Dollar, the Euro and the South African Rand, in accordance with Directive 03/DME/2023 of 6 February 2023.

As at 31 December 2023, the reserve base period for calculating reserve requirements in national currency (NC) and foreign currency (FC) is every two weeks.

The reserve requirement in national currency is set at 17% for items that comprise the reserve base, as defined in paragraph 2 of Instruction no. 04/2023 of 30 March, and 18% for the balances of local governments and municipal administrations, to be applied to the average fortnightly balances of the reserve base.

The reserve requirement in foreign currency was set at 22%, to be applied to the average weekly balances of items that comprise the reserve base, as defined in paragraph 2 of Instruction No. 04/2023 of 30 March, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

Directive No. 12/2023 provides that in relation to the reserve requirements in national and foreign currency, the balances of deposit accounts in foreign and national currency, opened at the Banco Nacional de Angola on behalf of each banking credit institution, are eligible. The following assets are eligible for compliance with the reserve requirement in foreign currency:

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Credit Institution. Deducted from the corresponding 100% (one hundred percent) of deposits on behalf of the Central Government held at the financial institution.

For the fulfillment of the minimum reserve requirements the following are also eligible:

- 80% (eighty percent) of the assets representing the value of loan disbursements in national currency, relating to projects in the agriculture, livestock, forestry and fishing sectors, granted until 14 April 2021, provided that they have a residual maturity equal to or greater than 24 (twenty-four) months; and
- Loans defined in accordance with the provisions of Article 8, of Notice no. 10/2020, of 6 April, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity; and
- Loans defined in accordance with the provisions of Article 10 of Notice No. 09/2022, of 6 April, on the granting of mortgages, whatever the residual maturity.

As at 31 December 2022, reserve requirements were calculated in accordance with BNA Instruction No. 02/2021, of 10 February 2021, and Directive No. 11/2022, of 12 December 2022.

As at 31 December 2022, the reserve base period for calculating reserve requirements in national currency (NC) and foreign currency (FC) was weekly.

The reserve requirement in national currency is set at 17%, for items that comprise the reserve base, as defined in paragraph 2 of Instruction No. 02/2021, of 10 February, and for the balances of local governments and municipal administrations, to be applied to the average weekly balances of the reserve base.

The reserve requirement in foreign currency are set at 22%, to be applied to the average weekly balances of items that comprise the reserve base, as defined in paragraph 2 of Instruction no. 02/2021 of 10 February, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

5. LOANS AND ADVANCES TO OTHER CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, the caption Loans and advances to credit institutions is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Demand deposits	41 635 446	24 125 503
Accumulated impairment losses (Note 16)	(4 180)	(3 444)
	41 631 266	**24 122 059**

The reconciliation of changes in the gross book value and impairment losses per stage of impairment of Loans and advances to credit institutions is presented below:

Amounts in thousand of Kwanzas

	2023/12/31 Stage 1	
	Book value	Impairment losses
Balance on January 1, 2023	**24 125 503**	**3 444**
Originated or acquired financial assets	2 045 510	(1 954)
Changes in exchange rates and other movements	15 464 433	2 690
Balance on December 31, 2023	**41 635 446**	**4 180**

Amounts in thousand of Kwanzas

	2022/12/31 Stage 1	
	Book value	Impairment losses
Balance on January 1, 2022	**23 212 633**	**7 570**
Originated or acquired financial assets	467 565	(3 579)
Changes in exchange rates and other movements	445 305	(547)
Balance on December 31, 2022	**24 125 503**	**3 444**

As at 31 December 2023 and 31 December 2022, the balance, net of impairment, by currency under Loans and advances to credit institutions is detailed as follows:

Amounts in thousand of Kwanzas

Assets / (Liabilities)	2023/12/31	2022/12/31
In Dollars	21 717 823	10 910 881
In Euros	15 331 017	11 171 963
In other currencies	4 582 426	2 039 215
	41 631 266	**24 122 059**

6. OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, the caption Other loans and advances to central banks and credit institutions is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Other loans and advances to credit institutions abroad:		
In United States Dollars	610 262 015	386 330 997
In Euro	74 561 586	42 995 040
In Pound Sterling	8 432 968	4 858 872
	693 256 569	**434 184 909**
Other loans and advances to central banks		
In Kwanzas	198 021 408	285 558 170
	198 021 408	285 558 170
	891 277 977	719 743 079
Income receivable	10 599 657	6 624 998
	901 877 634	726 368 077
Accumulated impairment losses (Note 16)	(375 124)	(320 964)
	901 502 510	**726 047 113**

As at 31 December 2023 and 31 December 2022, the residual maturities of Other loans and advances to credit institutions abroad were as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Up to 3 months	798 548 255	719 743 079
3 to 6 months	44 545 023	-
More than six months	48 184 699	-
	891 277 977	719 743 079

Other loans and advances to central banks refer to reverse repos, which are accounted for in accordance with the accounting policy described in Note 2.4.

As at 31 December 2023 and 31 December 2022, Other loans and advances to credit institutions earned interest at the following annual weighted average rates:

	2023/12/31	2022/12/31
In United States Dollars	5,18%	4,10%
In Euros	3,58%	1,33%
In Kwanzas	9,58%	10,08%
In Pound Sterling	4,75%	2,95%

The reconciliation of changes in gross book value and impairment losses per stage of Other loans and advances to central banks and credit institutions is presented below:

Amounts in thousand of Kwanzas

	2023/12/31 Stage 1	
	Book value	Impairment losses
Balance on January 1, 2023	**726 368 077**	**320 964**
Originated financial assets	898 336 170	216 020
Derecognized financial assets	(726 368 077)	(320 964)
Changes in exchange rates and other movements	3 541 464	159 104
Balance on December 31, 2023	**901 877 634**	**375 124**

Amounts in thousand of Kwanzas

	2022/12/31 Stage 1	
	Book value	Impairment losses
Balance on January 1, 2022	**556 679 547**	**353 978**
Originated financial assets	722 364 690	351 771
Derecognized financial assets	(556 679 547)	(353 978)
Changes in exchange rates and other movements	4 003 387	(30 807)
Balance on December 31, 2022	**726 368 077**	**320 964**

7. FINANCIAL ASSETS AND AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2023 and 31 December 2022, Financial assets at fair value through profit or loss is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury Bonds in national currency:						
Not indexed	AOA	16,35%	35 386 500	38 899 777	2 191 823	41 091 600
Derivatives	AOA	-	13 599 670	743 747	-	743 747
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	2 998 452	-	2 998 452
EMIS	AOA	-	-	3 277 888	-	3 277 888
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	47 004	-	47 004
Participation units	AOA	-	-	409 811	-	409 811
			48 986 170	**46 377 016**	**2 191 823**	**48 568 839**

Amounts in thousand of Kwanzas

	2022/12/31					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury Bonds in national currency:						
Not indexed	AOA	17,40%	89 626 400	99 044 353	4 331 774	103 376 127
Derivatives	AOA	-	768 058	372 018	-	372 018
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	1 454 172	-	1 454 172
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	27 579	-	27 579
Participation units	AOA	-	-	193 687	-	193 687
			90 394 458	**102 462 818**	**4 331 774**	**106 794 592**

Debt securities

As at 31 December 2023 and 31 December 2022, the Bank holds Treasury Bonds issued by the Angolan State to be traded on the secondary market with other banks, or with its customers.

Equity instruments

As at December 31, 2023, the equity securities portfolio recorded at fair value through profit or loss, refers to:

Shares
- 13,896 Class C (Series I) shares of Visa Inc. (2022: 13,896 shares);
- shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (18.81%) (2022: 18.81%);
- shareholding in IMC – Instituto de Mercado de Capitais (2%) (2022: 2%).

Participation Units in Funds as at 31 December 2023:
- 5,529 (0.06%) participation units in Fundo BFA Oportunidades XIX;
- 14,584 (0.26%) participation units in Fundo BFA Oportunidades XVII;
- 138,443 (1.26%) participation units in Fundo BFA Oportunidades XVIII;
- 133,290 (1.33%) participation units in Fundo BFA Oportunidades XVI;
- 17,180 (0.11%) participation units in Fundo BFA PRIVATE V;
- 100,784 (3.36%) participation units in Fundo BFA Futuro.

Participation units in Funds as at 31 December 2022:
- 26,600 (0.27%) participation units in Fundo BFA Oportunidades XI;
- 14,080 (0.14%) participation units in Fundo BFA Oportunidades XII;
- 100,427 (1.00%) participation units in Fundo BFA Oportunidades XVI;
- 36,031 (0.64%) participation units in Fundo BFA Oportunidades XVII;
- 97,143 (0.88%) participation units in Fundo BFA Oportunidades XVIII;
- 6,734 (0.07%) participation units in Fundo BFA Flash; and
- 118,377 (3.95%) participation units in Fundo BFA Futuro.

EMIS

As at 31 December 2023, the shareholding corresponded to 18.81% of the share capital of EMIS. EMIS was incorporated in Angola with the function of managing electronic means of payment and complementary services.

In the period ended 31 December 2023, the Company did not distribute any dividends.

Derivatives

As at 31 December 2023 and 31 December 2022, the caption Derivatives - Currency forwards is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Financial assets at fair value through profit or loss		
Derivative financial instruments		
Positive fair value (assets)	743 747	372 018
	743 747	372 018
Financial liabilities at fair value through profit or loss		
Derivative financial instruments		
Negative fair value (liabilities)	(2 537 450)	(545 524)
	(2 537 450)	(545 524)
	(1 793 703)	**(173 506)**

As at December 31, 2023, and December 31, 2022, the derivative financial instruments correspond to currency forwards contracted with non-financial entities.

As at 31 December 2023 and 31 December 2022, the notional amounts of the currency forwards are recognized in off-balance sheet captions, in the amounts of AOA 7,703,799 thousand and AOA 18,658,343 thousand, respectively. (Note 26)

The valuation model for financial instruments is described in Note 29.4.

The maturities of the financial instruments under this caption are detailed in Note 29.2.

As at 31 December 2023 and 31 December 2022, changes in the fair value of debt securities recorded at fair value through profit or loss and the capital gains realized by the Bank, resulting from transactions in these securities are recorded under Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss in the income statement.

Net Profit/(losses) on financial assets and liabilities at fair value through profit or loss are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Net gains/(losses) on assets and liabilities at fair value through profit or loss		
Debt securities	(1 242 077)	13 028 231
Currency forwards	(1 620 198)	222 386
Equity instruments	2 439 156	(21 756)
Participation units	64 945	108 277
	(358 174)	**13 337 138**

8. INVESTMENTS AT AMORTIZED COST

As at 31 December 2023 and 31 December 2022, the caption Investments at amortized cost is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31											
	Internal risk level	Country	Currency	Nominal value	Acquistion cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 16)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	151 118 859	139 968 178	2 803 305	-	-	142 771 483	(716 910)	142 054 573	0,11%
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	625 194 100	590 371 435	33 071 851	-	29 379 922	652 823 208	(8 360 168)	644 463 040	17,04%
Treasury bonds in foreign currency	A	Angola	USD	189 952 672	155 038 818	13 723	34 913 854	2 693 228	192 659 623	(2 410 681)	190 248 942	5,35%
Treasury bonds in foreign currency	A	Portugal	USD	8 107 322	4 927 780	(44 233)	3 260 614	86 563	8 230 724	-	8 230 724	5,13%
Treasury bonds in foreign currency	A	United States	USD	8 801 027	5 349 427	319 037	2 923 538	12 376	8 604 378	-	8 604 378	0,38%
Eurobond	A	Angola	USD	97 020 157	62 581 552	656 236	26 932 584	601 883	90 772 255	(1 300 196)	89 472 059	8,23%
Other financial instruments												
Reverse Repos	A	Angola	AOA	327 001 802	327 001 802	-	-	2 126 424	329 128 226	(260 816)	328 867 410	10,01%
				1 407 195 939	**1 285 238 992**	**36 819 919**	**68 030 590**	**34 900 396**	**1 424 989 897**	**(13 048 771)**	**1 411 941 126**	

Amounts in thousand of Kwanzas

	2022/12/31											
	Internal risk level	Country	Currency	Nominal value	Acquistion cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 16)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	98 592 886	92 420 091	4 448 953	-	-	96 869 044	(219 321)	96 649 723	-
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	668 673 200	562 590 149	73 257 112	-	26 986 483	662 833 744	(7 731 946)	655 101 798	16,65%
Treasury bonds in foreign currency	A	Angola	USD	192 107 747	142 992 982	41 800	49 114 766	2 362 221	194 511 769	(2 192 529)	192 319 240	5,28%
Eurobond	A	Angola	USD	4 414 348	4 577 761	(106 558)	(163 414)	57 080	4 364 869	(68 022)	4 296 847	9,50%
				963 788 181	**802 580 983**	**77 641 307**	**48 951 352**	**29 405 784**	**958 579 426**	**(10 211 818)**	**948 367 608**	

In the period ended 31 December 2023 and 31 December 2022, the Bank sold Angolan sovereign debt securities recognized in the Investment portfolio at amortized cost, which were close to maturity and whose receivable amount corresponded approximately to the sale price.

Therefore, as this is an infrequent transaction, the Board of Directors considers that it does not jeopardize the business model established.

This operation led to the recognition of a capital gain of AOA 8,508,936 thousand (2022: AOA 3,735,963 thousand).

The breakdown of investments at amortized cost, by residual maturity, is disclosed in Note 29.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortized cost are presented in Note 29.4.

As at 31 December 2023 and 31 December 2022, impairment losses for Treasury Bonds, Treasury Bills, Eurobonds and foreign treasury bonds were calculated based on the credit risk parameters provided by the international rating agency Moody's.

The credit quality of the investment portfolio at amortized cost is disclosed in Note 29.1.

A reconciliation of the changes in the book value and stage impairment losses for investments at amortised cost is presented below:

Amounts in thousand of Kwanzas

	2023/12/31	
	Stage 1	
	Book value	Impairment losses
Balance on 1 January 2023	**958 579 426**	**10 211 818**
Impact on profit or loss		
Financial assets purchased in the period / changes in credit risk	864 933 882	8 827 415
Other financial assets / changes in credit risk	-	(2 565 145)
Derecognized financial assets	(495 162 306)	(4 934 447)
Subtotal	**1 328 351 002**	**11 539 641**
Changes in exchange rates and other movements	96 638 895	1 509 130
Balance on 31 December 2023	**1 424 989 897**	**13 048 771**

Amounts in thousand of Kwanzas

	2022/12/31					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance on 1 January 2022	**950 296 520**	**10 935 771**	**190 962 276**	**2 536 850**	**1 141 258 796**	**13 472 621**
Impact on profit or loss						
Originated or acquired financial assets	351 177 597	4 178 005	-	-	351 177 597	4 178 005
Other financial assets / changes in credit risk	-	(1 239 583)	-	-	-	(1 239 583)
Derecognized financial assets	(367 597 859)	(291 192)	(190 962 276)	(2 536 850)	(558 560 135)	(5 448 762)
Subtotal	**933 876 258**	**10 962 281**	**-**	**-**	**933 876 258**	**10 962 281**
Changes in exchange rates and other movements	24 703 168	(750 463)			24 703 168	(750 463)
Balance on 31 December 2022	**958 579 426**	**10 211 818**	**-**	**-**	**958 579 426**	**10 211 818**

As at 31 December 2023 and 31 December 2022, the impairment of investments at amortized cost is AOA 13,048,771 thousand and AOA 10,211,818 thousand, respectively (see Note 16).

9. LOANS AND ADVANCES TO CUSTOMERS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Loans falling due		
Credit cards	1 806 782	1 349 395
Consumer credit	82 008 441	70 672 424
Motor vehicle loans	76 005	29 688
Mortgages	22 093 697	22 278 423
Overdrafts	764 283	744 178
Corporate - less significant exposures	2 706 245	2 690 878
Corporate - significant exposures	275 454 938	238 414 400
State	190 144 611	114 991 966
Total loans falling due	**575 055 002**	**451 171 352**
Loans and interest overdue		
Credit cards	494 669	343 904
Consumer credit	3 085 764	2 295 161
Motor vehicle loans	-	1 160
Mortgages	591 888	1 436 749
Overdrafts	228 802	838 774
Corporate - less significant exposures	260 660	277 274
Corporate - significant exposures	7 275 956	9 343 584
Total loans and interest overdue	**11 937 739**	**14 536 606**
Total loans granted	586 992 741	465 707 958
Income receivable from loans granted	13 378 114	5 709 091
	600 370 855	471 417 049
Impairment for loans and advances (Note 16)	(50 268 076)	(53 991 485)
	550 102 779	417 425 564

As at 31 December 2023 and 31 December 2022, Loans and advances to customers earned interest at the following weighted average annual rates:

		2023/12/31	2022/12/31
AOA	In Kwanzas	16,12%	15,13%
USD	In United States Dollars	12,09%	9,02%
EUR	In Euros	7,00%	6,99%

As at 31 December 2023 and 31 December 2022, the group of ten largest debtors represents 64.02% and 56.05%, respectively, of the total loan portfolio (excluding guarantees provided and documentary credits).

In the periods ended 31 December 2023 and 31 December 2022, loans were written off in the amount of AOA 9,247,161 thousand and AOA 557,019 thousand (Note 16), respectively, in accordance with the criteria defined by the Bank.

In the periods ended 31 December 2023 and 31 December 2022, there were recoveries of loans and interest previously written off or written down from assets, in the amounts of AOA 342,381 thousand and AOA 331,428 thousand (Note 23), respectively.

The loan portfolio, by segment, presents the following structure:

Amounts in thousand of Kwanzas

2023/12/31	Exposure												Impairment			
Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Loans in Stage3	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Total impairment (Note 16)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	2 301 451	1 063 289	-	-	813 274	12 120	-	-	424 888	-	-	-	456 222	16 804	64 772	374 646
Consumer credit	85 609 541	80 187 364	-	-	1 715 306	5 177	6 114	-	3 706 871	-	11 099	-	3 078 256	577 137	79 947	2 421 172
Motor vehicle loans	76 265	76 265	-	-	-	-	-	-	-	-	-	-	385	385	-	-
Mortgages	22 710 906	17 671 884	-	1 048 764	1 645 297	198	1 333 627	-	3 393 725	-	1 392 342	-	3 103 917	292 532	295 915	2 515 470
Overdrafts	993 085	568 220	-	-	280 341	45	-	-	144 524	-	-	-	175 960	34 949	39 013	101 998
Corporate - less significant exposures	3 032 181	2 259 752	-	-	351 385	4	157 811	-	421 044	-	87 636	-	393 677	84 275	103 902	205 500
Corporate - significant exposures	286 658 455	202 992 922	-	2 758 032	30 567 860	-	19 528 972	-	53 097 673	-	41 634 282	-	40 635 014	2 739 953	6 126 750	31 768 311
State	198 988 971	198 988 971	-	-	-	-	-	-	-	-	-	-	2 424 645	2 424 645	-	-
On-balance sheet exposure	**600 370 855**	**503 808 667**	**-**	**3 806 796**	**35 373 463**	**17 544**	**21 026 524**	**-**	**61 188 725**	**-**	**43 125 359**	-	**50 268 076**	**6 170 680**	**6 710 299**	**37 387 097**
Documentary credits and guarantees provided																
Corporate - less significant exposures	51 318 231	51 318 231	-	-	-	-	-	-	-	-	-	-	98 004	98 004	-	-
Corporate - significant exposures	59 800 340	59 664 063	-	-	136 277	-	-	-	-	-	-	-	276 841	276 745	96	-
Undrawn credit facilities	45 101 700	44 575 324	-	-	408 994	11 886	-	-	117 382	350	-	-	104 946	90 182	979	13 785
Off-balance sheet exposure	156 220 271	155 557 618	-	-	545 271	11 886	-	-	117 382	350	-	-	479 791	464 931	1 075	13 785
Total exposure	**756 591 126**	**659 366 285**	**-**	**3 806 796**	**35 918 734**	**29 430**	**21 026 524**	**-**	**61 306 107**	**350**	**43 125 359**	**-**	**50 747 867**	**6 635 611**	**6 711 374**	**37 400 882**

Amounts in thousand of Kwanzas

2022/12/31	Exposure												Impairment			
Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Loans in Stage3	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	1 693 299	1 272 097	-	-	109 212	-	-	-	311 990	-	-	-	347 107	47 913	21 925	277 269
Consumer credit	73 418 955	68 441 728	-	-	2 147 502	406	-	-	2 829 725	-	26 064	-	2 618 627	610 332	101 052	1 907 243
Motor vehicle loans	30 947	28 707	-	-	-	-	-	-	2 240	-	-	-	1 448	287	-	1 161
Mortgages	23 738 555	17 071 868	-	1 304 532	1 119 971	-	726 871	-	5 546 716	-	2 130 930	-	4 874 797	358 888	235 392	4 280 517
Overdrafts	1 582 952	500 176	-	-	304 149	-	-	-	778 627	-	-	-	463 880	6 895	9 855	447 130
Corporate - less significant exposures	3 029 056	2 480 759	-	-	140 392	-	86 113	-	407 905	-	159 997	-	218 823	54 737	9 294	154 792
Corporate - significant exposures	249 716 374	172 355 420	-	2 631 185	24 285 792	-	23 356 162	-	53 075 162	-	42 334 764	-	44 136 284	4 068 571	6 512 769	33 554 944
State	118 206 911	104 890 489	-	-	13 316 422	-	-	-	-	-	-	-	1 330 519	1 255 481	75 038	-
On-balance sheet exposure	**471 417 049**	**367 041 244**	**-**	**3 935 717**	**41 423 440**	**406**	**24 169 146**	**-**	**62 952 365**	**-**	**44 651 755**	**-**	**53 991 485**	**6 403 104**	**6 965 325**	**40 623 056**
Documentary credits and guarantees provided																
Corporate - less significant exposures	25 441 636	25 441 636	-	-	-	-	-	-	-	-	-	-	23 284	23 284	-	-
Corporate - significant exposures	51 187 927	50 972 173	-	-	215 754	-	-	-	-	-	-	-	486 797	482 265	4 532	-
Undrawn credit facilities	41 513 020	40 910 637	-	-	338 664	750	-	-	263 719	-	-	-	151 244	102 607	2 951	45 686
Off-balance sheet exposure	118 142 583	117 324 446	-	-	554 418	750	-	-	263 719	-	-	-	661 325	608 156	7 483	45 686
Total exposure	**589 559 632**	**484 365 690**	**-**	**3 935 717**	**41 977 858**	**1 156**	**24 169 146**	**-**	**63 216 084**	**-**	**44 651 755**	**-**	**54 652 810**	**7 011 260**	**6 972 808**	**40 668 742**

The loan portfolio and impairment by range of days past due presents the following structure:

Amounts in thousand of Kwanzas

2023/12/31	Exposure								
	Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	1 063 289	-	-	747 323	65 951	-	19 089	9 078	396 721
Consumer credit	80 187 364	-	-	1 340 103	375 203	-	109 343	39 116	3 558 412
Motor vehicle loans	76 265	-	-	-	-	-	-	-	-
Mortgages	17 671 884	-	-	1 358 311	185 635	101 351	1 024 199	146 893	2 222 633
Overdrafts	568 220	-	-	190 022	87 757	2 562	6 042	1 414	137 068
Corporate - less significant exposures	2 259 752	-	-	236 122	115 225	38	16 610	30 771	373 663
Corporate - significant exposures	202 992 922	-	-	30 567 838	22	-	42 466 285	1 203 658	9 427 730
State	198 988 971	-	-	-	-	-	-	-	-
On-balance sheet exposure	**503 808 667**	**-**	**-**	**34 439 719**	**829 793**	**103 951**	**43 641 568**	**1 430 930**	**16 116 227**
Documentary credits and guarantees provided									
Corporate - less significant exposures	51 318 231	-	-	-	-	-	-	-	-
Corporate - significant exposures	59 664 063	-	-	136 277	-	-	-	-	-
Undrawn credit facilities	**44 575 324**	**-**	**-**	**354 950**	**54 044**	**-**	**79 524**	**2 577**	**35 281**
Off-balance sheet exposure	**155 557 618**	**-**	**-**	**491 227**	**54 044**	**-**	**79 524**	**2 577**	**35 281**
Total exposure	**659 366 285**	**-**	**-**	**34 930 946**	**883 837**	**103 951**	**43 721 092**	**1 433 507**	**16 151 508**

Amounts in thousand of Kwanzas

2023/12/31	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without asignificant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	16 804	-	-	45 562	19 210	-	14 386	6 557	353 703
Consumer credit	577 137	-	-	17 522	62 425	-	62 293	17 448	2 341 431
Motor vehicle loans	385	-	-	-	-	-	-	-	-
Mortgages	292 532	-	-	207 162	56 400	32 353	744 703	112 540	1 658 227
Overdrafts	34 949	-	-	18 902	19 459	652	4 514	1 037	96 447
Corporate - less significant exposures	84 275	-	-	60 924	42 964	14	10 534	16 538	178 428
Corporate - significant exposures	2 739 953	-	-	6 126 750	-	-	24 582 860	402 412	6 783 039
State	2 424 645	-	-	-	-	-	-	-	-
On-balance sheet exposure	**6 170 680**	**-**	**-**	**6 476 822**	**200 458**	**33 019**	**25 419 290**	**556 532**	**11 411 275**
Documentary credits and guarantees provided									
Corporate - less significant exposures	98 004	-	-	-	-	-	-	-	-
Corporate - significant exposures	276 745	-	-	96	-	-	-	-	-
Undrawn credit facilities	**90 182**	**-**	**-**	**922**	**57**	**-**	**9 296**	**273**	**4 216**
Off-balance sheet impairment	**464 931**	**-**	**-**	**1 018**	**57**	**-**	**9 296**	**273**	**4 216**
Total impairment	**6 635 611**	**-**	**-**	**6 477 840**	**200 515**	**33 019**	**25 428 586**	**556 805**	**11 415 491**

Amounts in thousand of Kwanzas

2022/12/31	Exposure								
	Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	1 272 097	-	-	54 048	55 020	144	45 354	4 909	261 727
Consumer credit	68 441 728	-	-	1 844 535	302 967	-	168 696	29 016	2 632 013
Motor vehicle loans	28 707	-	-	-	-	-	-	-	2 240
Mortgages	17 071 868	-	-	772 138	227 506	120 327	1 427 729	265 018	3 853 969
Overdrafts	500 176	-	-	232 548	66 897	4 704	11 452	1 223	765 952
Corporate - less significant exposures	2 480 759	-	-	91 112	49 242	38	154 047	858	253 000
Corporate - significant exposures	171 836 051	519 369	-	24 283 881	1 911	-	42 788 605	-	10 286 557
State	104 890 489	-	-	13 316 422	-	-	-	-	-
On-balance sheet exposure	**366 521 875**	**519 369**	**-**	**40 594 684**	**703 543**	**125 213**	**44 595 883**	**301 024**	**18 055 458**
Documentary credits and guarantees provided									
Corporate - less significant exposures	25 441 636	-	-	-	-	-	-	-	-
Corporate - significant exposures	50 972 173	-	-	215 754	-	-	-	-	-
Undrawn credit facilities	**40 910 637**	**-**	**-**	**316 378**	**22 286**	**-**	**234 154**	**1 277**	**28 288**
Off-balance sheet exposure	**117 324 446**	**-**	**-**	**532 132**	**22 286**	**-**	**234 154**	**1 277**	**28 288**
Total exposure	**483 846 321**	**519 369**	**-**	**41 126 816**	**725 829**	**125 213**	**44 830 037**	**302 301**	**18 083 746**

Amounts in thousand of Kwanzas

2022/12/31	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without asignificant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	47 913	-	-	2 177	19 686	62	39 427	4 607	233 235
Consumer credit	610 332	-	-	29 887	71 165	-	100 884	14 685	1 791 674
Motor vehicle loans	287	-	-	-	-	-	-	-	1 161
Mortgages	358 888	-	-	122 884	71 418	41 090	1 112 882	104 633	3 063 002
Overdrafts	6 895	-	-	4 832	4 649	374	3 359	378	443 393
Corporate - less significant exposures	54 737	-	-	707	8 579	8	46 610	279	107 903
Corporate - significant exposures	3 950 304	118 267	-	6 512 761	8	-	24 819 780	-	8 735 164
State	1 255 481	-	-	75 038	-	-	-	-	-
On-balance sheet exposure	**6 284 837**	**118 267**	**-**	**6 748 286**	**175 505**	**41 534**	**26 122 942**	**124 582**	**14 375 532**
Documentary credits and guarantees provided									
Corporate - less significant exposures	23 284	-	-	-	-	-	-	-	-
Corporate - significant exposures	482 265	-	-	4 532	-	-	-	-	-
Undrawn credit facilities	**102 607**	**-**	**-**	**2 797**	**154**	**-**	**41 622**	**225**	**3 839**
Off-balance sheet impairment	**608 156**	**-**	**-**	**7 329**	**154**	**-**	**41 622**	**225**	**3 839**
Total impairment	**6 892 993**	**118 267**	**-**	**6 755 615**	**175 659**	**41 534**	**26 164 564**	**124 807**	**14 379 371**

The loan portfolio, by segment and by year, in which the operations were granted is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31														
	Credit Cards			Consumer Credit			Motor vehicle loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2018 and prior years	17 534	1 721 617	429 534	5 043	2 635 118	1 851 112	67	-	-	229	3 420 715	1 299 362	6 788	842 995	110 254
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	1 597	125 179	5 655	3 382	2 349 902	196 018	2	629	-	515	14 886 269	1 694 040	715	50 412	9 431
2021	1 556	174 619	7 126	6 327	8 788 537	218 162	-	-	-	21	850 444	49 621	631	21 963	10 348
2022	2 063	178 471	11 563	13 144	25 983 377	379 000	1	21 189	184	29	1 381 802	36 449	606	23 184	9 825
2023	937	101 565	2 344	14 162	45 852 607	433 964	3	54 447	201	44	2 171 676	24 445	271	54 531	36 102
Total	**23 687**	**2 301 451**	**456 222**	**42 058**	**85 609 541**	**3 078 256**	**73**	**76 265**	**385**	**838**	**22 710 906**	**3 103 917**	**9 011**	**993 085**	**175 960**

Amounts in thousand of Kwanzas

	2023/12/31														
	Corporate - less significant exposures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2018 and prior years	947	460 643	83 617	210	6 433 806	1 334 531	4	60 653 345	629 096	2	564 246	3 517	30 822	23 476 227	67 008
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	650	170 261	42 295	23	15 767 234	7 704 331	-	-	-	1	20 093 856	58 935	6 885	3 157 695	6 918
2021	408	355 640	59 253	37	100 199 387	5 261 715	-	-	-	1	25 662 505	64 181	8 980	6 224 335	9 381
2022	407	709 801	100 092	51	71 464 836	25 382 663	3	81 243 536	1 034 041	7	14 646 985	121 045	16 304	3 684 968	10 914
2023	78	1 335 836	108 420	62	92 793 192	951 774	28	57 092 090	761 508	108	50 150 979	127 167	15 560	8 558 475	10 725
Total	**2 490**	**3 032 181**	**393 677**	**383**	**286 658 455**	**40 635 014**	**35**	**198 988 971**	**2 424 645**	**119**	**111 118 571**	**374 845**	**78 551**	**45 101 700**	**104 946**

Amounts in thousand of Kwanzas

	2022/12/31														
	Credit Cards			Consumer Credit			Motor vehicle loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2017 and prior years	17 962	1 340 384	331 978	4 738	1 624 551	1 139 603	68	394	350	229	4 347 095	2 255 248	9 903	1 193 958	289 728
2018	60	7 350	710	940	328 724	145 952	1	1 845	811	12	213 931	10 175	1 134	123 255	50 872
2019	1 662	83 541	4 815	4 387	2 966 859	272 378	2	3 432	22	531	15 036 160	2 046 772	882	123 834	66 397
2020	10	48	-	4 990	8 132 782	267 516	-	-	-	47	1 756 428	295 667	743	98 387	48 556
2021	1 581	129 373	5 160	8 932	18 877 256	345 401	-	-	-	25	989 196	81 936	1 051	28 676	6 724
2022	2 127	132 603	4 444	15 108	41 488 783	447 777	1	25 276	265	29	1 395 745	184 999	1 157	14 842	1 603
Total	**23 402**	**1 693 299**	**347 107**	**39 095**	**73 418 955**	**2 618 627**	**72**	**30 947**	**1 448**	**873**	**23 738 555**	**4 874 797**	**14 870**	**1 582 952**	**463 880**

Amounts in thousand of Kwanzas

	2022/12/31														
	Corporate - less significant exposures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2017 and prior years	950	466 605	51 547	197	13 526 563	3 298 415	2	13 316 422	75 038	8	5 207 121	22 233	18 520	27 242 205	103 867
2018	351	92 060	18 216	10	3 342 445	499 543	1	53 385 962	650 658	1	272 411	5 461	306	107 686	310
2019	422	230 954	35 251	16	12 662 769	7 006 844	1	9 765 154	75 739	2	294 175	5 505	1 776	3 773 496	14 537
2020	481	54 304	9 531	15	8 994 866	327 966	-	-	-	6	14 173 029	92 341	68	797 152	1 236
2021	511	726 788	34 149	47	135 832 091	5 900 791	-	-	-	13	20 596 765	122 570	1 584	6 368 374	19 445
2022	131	1 458 345	70 129	74	75 357 640	27 102 725	3	41 739 373	529 084	159	36 086 062	261 971	2 087	3 224 107	11 849
Total	**2 846**	**3 029 056**	**218 823**	**359**	**249 716 374**	**44 136 284**	**7**	**118 206 911**	**1 330 519**	**189**	**76 629 563**	**510 081**	**24 341**	**41 513 020**	**151 244**

The detail of the amount of the gross credit exposure and the amount of impairment set up for the exposures analyzed individually and collectively, by segment, corresponds to the following:

Amounts in thousand of Kwanzas

By segment: 2023/12/31	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 301 016	456 182	83 146 457	1 386 497	76 265	385	19 339 307	1 500 794	992 813	175 688
Individual impairment	435	40	2 463 084	1 691 759	-	-	3 371 599	1 603 123	272	272
Total	**2 301 451**	**456 222**	**85 609 541**	**3 078 256**	**76 265**	**385**	**22 710 906**	**3 103 917**	**993 085**	**175 960**

Amounts in thousand of Kwanzas

By segment: 2023/12/31	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 847 037	341 156	15 740 353	374 034	-	-	9 806 359	30 128	19 584 867	47 484
Individual impairment	185 144	52 521	270 918 102	40 260 980	198 988 971	2 424 645	101 312 212	344 717	25 516 833	57 462
Total	**3 032 181**	**393 677**	**286 658 455**	**40 635 014**	**198 988 971**	**2 424 645**	**111 118 571**	**374 845**	**45 101 700**	**104 946**

Amounts in thousand of Kwanzas

By segment: 2022/12/31	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	1 691 582	346 402	71 202 702	1 593 894	30 947	1 448	20 017 341	2 915 429	1 582 949	463 880
Individual impairment	1 717	705	2 216 253	1 024 733	-	-	3 721 214	1 959 368	3	-
Total	**1 693 299**	**347 107**	**73 418 955**	**2 618 627**	**30 947**	**1 448**	**23 738 555**	**4 874 797**	**1 582 952**	**463 880**

Amounts in thousand of Kwanzas

By segment: 2022/12/31	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 940 095	218 429	13 005 465	469 197	-	-	5 227 308	21 804	11 835 747	75 570
Individual impairment	88 961	394	236 710 909	43 667 087	118 206 911	1 330 519	71 402 255	488 277	29 677 273	75 674
Total	**3 029 056**	**218 823**	**249 716 374**	**44 136 284**	**118 206 911**	**1 330 519**	**76 629 563**	**510 081**	**41 513 020**	**151 244**

The detail of the amount of the gross credit exposure and the amount of impairment set up for the exposures analyzed individually and collectively, by sector of activity, corresponds to the following:

Amounts in thousand of Kwanzas

By business sector: 2023/12/31	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	-	-	2 022 390	83 889	404 406	55 485	1 037 714	20 211	8 880 172	189 478
Individual impairment	10 227	-	63 779 851	976 836	71 232 478	3 883 857	355 586	192 680	-	-
Total	**10 227**	**-**	**65 802 241**	**1 060 725**	**71 636 884**	**3 939 342**	**1 393 300**	**212 891**	**8 880 172**	**189 478**

Amounts in thousand of Kwanzas

By business sector: 2023/12/31	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public admistration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	553 873	5 928	443 809	20 234	69	30	1 238 400	52 581	26 334	7 017
Individual impairment	-	-	573 149	33 042	198 988 972	2 424 645	69 317 511	22 779 933	2 262 081	35 863
Total	**553 873**	**5 928**	**1 016 958**	**53 276**	**198 989 041**	**2 424 675**	**70 555 911**	**22 832 514**	**2 288 415**	**42 880**

Amounts in thousand of Kwanzas

By business sector: 2023/12/31	Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	232 650	1 842	2 814 984	204 251	105 901 054	3 521 784	429 942	46 635	102 934	1 158	354 517	24 213
Individual impairment	15 425 605	4 975 414	47 801 638	7 314 071	5 856 868	3 307 192	-	-	191 337	109 802	132 304	5
Total	**15 658 255**	**4 977 256**	**50 616 622**	**7 518 322**	**111 757 922**	**6 828 976**	**429 942**	**46 635**	**294 271**	**110 960**	**486 821**	**24 218**

Amounts in thousand of Kwanzas

By business sector: 2022/12/31	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	-	-	1 705 144	95 020	467 063	110 126	34 887	966	105 305	5 850
Individual impairment	15 530	1	54 861 737	1 663 905	57 467 702	4 900 654	501 952	234 206	1 884 652	1 884 652
Total	**15 530**	**1**	**56 566 881**	**1 758 925**	**57 934 765**	**5 010 780**	**536 839**	**235 172**	**1 989 957**	**1 890 502**

Amounts in thousand of Kwanzas

By business sector: 2022/12/31	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public admistration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	151 516	3 757	647 856	49 379	69	41	886 659	26 299	72 161	10 537
Individual impairment	101 182	589	3 040 202	155 570	118 206 911	1 330 519	60 894 713	23 391 276	2 184 223	162 717
Total	**252 698**	**4 346**	**3 688 058**	**204 949**	**118 206 980**	**1 330 560**	**61 781 372**	**23 417 575**	**2 256 384**	**173 254**

Amounts in thousand of Kwanzas

By business sector: 2022/12/31	Manufacturing industries		Other service companies		Individuals		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	466 514	3 459	10 275 340	354 990	94 593 768	5 324 102	442 907	11 958	4 001	1 155	617 822	11 034
Individual impairment	18 046 728	3 087 862	36 988 459	8 074 768	5 960 666	2 996 821	107 745	39 779	197 322	56 238	486 313	3 255
Total	**18 513 242**	**3 091 321**	**47 263 799**	**8 429 758**	**100 554 434**	**8 320 923**	**550 652**	**51 737**	**201 323**	**57 393**	**1 104 135**	**14 289**

The restructured loan portfolio by restructuring measure applied is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	3	2 154 887	31 086	21	4 126 141	1 291 313	36	37 196 303	21 987 839	60	43 477 331	23 310 238
New loan	12	1 651 909	165 923	52	16 900 383	3 316 054	43	5 929 056	5 516 189	107	24 481 348	8 998 166
Total	**15**	**3 806 796**	**197 009**	**73**	**21 026 524**	**4 607 367**	**79**	**43 125 359**	**27 504 028**	**167**	**67 958 679**	**32 308 404**

Amounts in thousand of Kwanzas

	2022/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	6	2 721 800	338 723	7	2 942 625	402 216	32	1 817 237	1 045 911	45	7 481 662	1 786 850
New loan	29	1 213 917	251 949	21	21 226 521	6 186 508	64	42 834 518	28 226 626	114	65 274 956	34 665 083
Total	**35**	**3 935 717**	**590 672**	**28**	**24 169 146**	**6 588 724**	**96**	**44 651 755**	**29 272 537**	**159**	**72 756 618**	**36 451 933**

The movement of inflows and outflows in the restructured loan portfolio was as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Opening balance of restructured loans portfolio (gross of impairment + interest)	**72 756 618**	**66 185 350**
Restructured loans in the period	473 034	9 680 594
Accrued interest on the restructured loan portfolio	167 971	878 146
Settlement of restructured loans (partial or total)	(5 699 449)	(3 248 735)
Loans reclassified from "restructured" to "normal"	-	(745 129)
Other	260 505	6 392
Closing balance of restructured loans portfolio (gross of impairment + interest)	**67 958 679**	**72 756 618**

The detail of the guarantees underlying the loan portfolio of the corporate, construction and real estate development, and mortgage segments is as follows:

Amounts in thousand of Kwanzas

	2023/12/31											
	Corporate				Construction and Real Estate development				Mortgages			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	15	316 240	61	1 078 909	-	-	5	103 943	53	1 597 722	1	38 271
> = 50MAOA and < 100 MAOA	14	970 853	11	693 268	-	-	3	254 266	94	7 265 147	-	-
> = 100 MAOA and < 500 MAOA	36	9 196 859	42	9 001 274	1	187 375	3	660 879	180	37 326 239	4	870 240
> = 500 MAOA and < 1000 MAOA	10	6 774 765	10	4 195 910	-	-	-	-	8	4 929 941	2	1 408 960
> = 1000 MAOA and < 2000 MAOA	36	31 425 030	2	2 151 154	1	1 900 000	-	-	2	2 743 328	-	-
> = 2000 MAOA and < 5000 MAOA	7	19 889 757	8	25 190 674	3	10 545 557	-	-	2	2 023 257	-	-
> = 5.000 MAOA	22	287 973 590	13	131 428 249	2	62 557 879	5	59 881 644	-	-	-	-
Total	**140**	**356 547 094**	**147**	**173 739 438**	**7**	**75 190 811**	**16**	**60 900 732**	**339**	**55 885 634**	**7**	**2 317 471**

Amounts in thousand of Kwanzas

	2022/12/31											
	Corporate				Construction and Real Estate development				Mortgages			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	10	197 227	47	841 442	1	47 100	3	59 916	80	2 579 694	3	69 621
> = 50MAOA and < 100 MAOA	12	841 446	17	1 081 862	1	93 183	1	80 500	121	8 401 671	-	-
> = 100 MAOA and < 500 MAOA	37	8 187 890	33	7 090 220	-	-	4	1 244 121	146	25 307 384	5	1 173 600
> = 500 MAOA and < 1000 MAOA	12	6 194 948	8	4 972 385	-	-	-	-	3	2 213 092	1	503 691
> = 1000 MAOA and < 2000 MAOA	26	20 030 312	4	4 309 610	1	1 900 000	-	-	3	2 236 987	-	-
> = 2000 MAOA and < 5000 MAOA	6	15 232 462	11	25 623 974	1	4 311 867	-	-	1	2 216 240	-	-
> = 5.000 MAOA	26	314 388 571	12	108 962 182	2	31 052 112	5	40 426 980	-	-	-	-
Total	**129**	**365 072 856**	**132**	**152 881 675**	**6**	**37 404 262**	**13**	**41 811 517**	**354**	**42 955 068**	**9**	**1 746 912**

In order to mitigate the credit risk, credit operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined on the date the loan is granted and is periodically reassessed.

The loan-guarantee ratio of the corporate, construction and real estate promotion, and residential segments has the following structure:

Amounts in thousand of Kwanzas

	2023/12/31					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	21 734 080	465 685	10 414 358	8 104 963
< 50%	2	12	18 245 332	8 214	505 140	571 570
> = 50% and < 75%	4	5	375 893	787 376	152 570	55 822
> = 75% and < 100%	4	17	516 390	7 841 842	36 704 984	22 023 558
> = 100%	130	113	100 897 170	14 897 466	5 089 719	6 313 271
Construction and Real Estate development						
Without guarantee	-	-	2 215 559	3 002 308	535 940	2 104 445
< 50%	-	1	-	-	-	-
> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	-	5	41 309 950	-	-	60 072
> = 100%	7	10	21 119 139	3 916 353	91 507	1 780 753
Mortgages						
Without guarantee	-	-	6 723 092	1 076 127	1 960 420	1 955 562
< 50%	5	-	101 071	-	2 568	3 290
> = 50% and < 75%	2	-	22 263	-	107 286	47 606
> = 75% and < 100%	6	-	197 422	-	-	1 202
> = 100%	326	7	10 628 035	569 169	1 323 451	1 096 256
Total	**486**	**170**	**224 085 396**	**32 564 540**	**56 887 943**	**44 118 370**

Amounts in thousand of Kwanzas

	2022/12/31					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	7 936 562	98 898	6 738 257	6 972 960
< 50%	2	19	22 043 923	-	214 937	679 769
> = 50% and < 75%	2	11	829 653	399 825	36 852 647	22 492 514
> = 75% and < 100%	1	15	2 212 695	-	422 234	167 808
> = 100%	124	87	91 852 933	17 186 191	8 564 268	9 025 885
Construction and Real Estate development						
Without guarantee	-	-	15 872 257	3 005 122	538 882	2 538 559
< 50%	-	-	-	-	-	-
> = 50% and < 75%	-	1	613 151	-	-	217
> = 75% and < 100%	3	5	22 911 464	-	-	612 398
> = 100%	3	7	10 545 317	4 305 213	143 623	1 859 731
Mortgages						
Without guarantee	-	-	7 753 072	746 976	2 695 794	2 858 420
< 50%	3	-	131 583	4 588	-	803
> = 50% and < 75%	2	-	46 554	-	-	136
> = 75% and < 100%	4	2	65 416	-	970 423	775 980
> = 100%	345	7	9 095 135	368 407	3 377 402	2 264 318
Total	**489**	**154**	**191 909 715**	**26 115 220**	**60 518 467**	**50 249 498**

The distribution of the loan portfolio and impairment measured by internal risk levels is presented as follows:

Amounts in thousand of Kwanzas

Segment	Exposure as at 2023/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	1 804 427	31 239	13 425	17 446	7 050	427 864	2 301 451
Consumer credit	2 601 659	78 880 431	367 876	130 804	204 165	106 230	3 318 376	85 609 541
Motor vehicle loans	-	76 265	-	-	-	-	-	76 265
Mortgages	58 773	19 995 621	169 732	124 113	125 506	91 718	2 145 443	22 710 906
Overdrafts	-	817 728	25 388	12 110	16 489	22 799	98 571	993 085
Corporate - less significant exposures	236 046	2 276 419	60 675	85 256	32 167	5 101	336 517	3 032 181
Corporate - significant exposures	60 496 624	202 184 477	2 312 137	695 000	1 501 390	115 245	19 353 582	286 658 455
State	198 988 971	-	-	-	-	-	-	198 988 971
On-balance sheet exposure	**262 382 073**	**306 035 368**	**2 967 047**	**1 060 708**	**1 897 163**	**348 143**	**25 680 353**	**600 370 855**
Documentary credits and guarantees provided								
Corporate - less significant exposures	180 643	51 137 588	-	-	-	-	-	51 318 231
Corporate - significant exposures	6 472 079	53 328 261	-	-	-	-	-	59 800 340
Undrawn credit facilities	4 893 570	40 099 453	42 281	15 927	14 655	4 405	31 409	45 101 700
Off-balance sheet exposure	**11 546 292**	**144 565 302**	**42 281**	**15 927**	**14 655**	**4 405**	**31 409**	**156 220 271**
Total exposure	**273 928 365**	**450 600 670**	**3 009 328**	**1 076 635**	**1 911 818**	**352 548**	**25 711 762**	**756 591 126**

Amounts in thousand of Kwanzas

Segment	Impairment as at 2023/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	66 571	8 335	5 614	9 016	3 586	363 100	456 222
Consumer credit	13 533	630 937	42 733	31 374	79 324	46 888	2 233 467	3 078 256
Motor vehicle loans	-	385	-	-	-	-	-	385
Mortgages	211	1 244 186	81 603	79 025	43 591	59 832	1 595 469	3 103 917
Overdrafts	-	71 719	5 365	3 248	11 065	15 740	68 823	175 960
Corporate - less significant exposures	290	155 438	26 010	33 457	13 707	2 438	162 337	393 677
Corporate - significant exposures	765 661	26 945 815	53 264	153 497	478 018	10 970	12 227 789	40 635 014
State	2 424 645	-	-	-	-	-	-	2 424 645
On-balance sheet impairment	**3 204 340**	**29 115 051**	**217 310**	**306 215**	**634 721**	**139 454**	**16 650 985**	**50 268 076**
Documentary credits and guarantees provided								
Corporate - less significant exposures	279	97 725	-	-	-	-	-	98 004
Corporate - significant exposures	654	276 187	-	-	-	-	-	276 841
Undrawn credit facilities	5 113	93 984	258	119	1 299	414	3 759	104 946
Off-balance sheet impairment	**6 046**	**467 896**	**258**	**119**	**1 299**	**414**	**3 759**	**479 791**
Total impairment	**3 210 386**	**29 582 947**	**217 568**	**306 334**	**636 020**	**139 868**	**16 654 744**	**50 747 867**

Amounts in thousand of Kwanzas

Segment	Exposure as at 2022/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	1 339 775	24 394	13 331	17 917	8 439	289 443	1 693 299
Consumer credit	1 548 800	68 865 373	253 645	105 786	124 559	56 000	2 464 792	73 418 955
Motor vehicle loans	-	28 708	-	-	79	-	2 160	30 947
Mortgages	71 640	16 163 357	209 231	296 313	106 944	41 935	6 849 135	23 738 555
Overdrafts	347	781 510	19 636	10 475	16 117	11 182	743 685	1 582 952
Corporate - less significant exposures	196 962	2 332 775	46 090	6 071	47 493	9 198	390 467	3 029 056
Corporate - significant exposures	61 201 504	166 098 271	583 552	2	1 010 203	1 082 237	19 740 605	249 716 374
State	118 206 911	-	-	-	-	-	-	118 206 911
On-balance sheet exposure	**181 226 164**	**255 609 769**	**1 136 548**	**431 978**	**1 323 312**	**1 208 991**	**30 480 287**	**471 417 049**
Documentary credits and guarantees provided								
Corporate - less significant exposures	85 961	25 355 675	-	-	-	-	-	25 441 636
Corporate - significant exposures	3 365 911	47 822 016	-	-	-	-	-	51 187 927
Undrawn credit facilities	2 047 875	39 382 423	18 960	12 022	14 141	5 038	32 561	41 513 020
Off-balance sheet exposure	**5 499 747**	**112 560 114**	**18 960**	**12 022**	**14 141**	**5 038**	**32 561**	**118 142 583**
Total exposure	**186 725 911**	**368 169 883**	**1 155 508**	**444 000**	**1 337 453**	**1 214 029**	**30 512 848**	**589 559 632**

Amounts in thousand of Kwanzas

Segment	Impairment as at 2022/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	74 540	7 955	5 461	10 034	5 103	244 014	347 107
Consumer credit	9 025	737 561	49 788	31 607	52 084	24 738	1 713 824	2 618 627
Motor vehicle loans	-	287	-	-	35	-	1 126	1 448
Mortgages	126	280 925	64 025	77 530	70 555	31 135	4 350 501	4 874 797
Overdrafts	10	17 754	1 281	897	4 296	3 100	436 542	463 880
Corporate - less significant exposures	1 053	67 830	7 611	1 301	5 307	2 903	132 818	218 823
Corporate - significant exposures	1 047 539	28 553 085	119 423	-	778 725	566 294	13 071 218	44 136 284
State	1 330 519	-	-	-	-	-	-	1 330 519
On-balance sheet impairment	**2 388 272**	**29 731 982**	**250 083**	**116 796**	**921 036**	**633 273**	**19 950 043**	**53 991 485**
Documentary credits and guarantees provided								
Corporate - less significant exposures	342	22 942	-	-	-	-	-	23 284
Corporate - significant exposures	-	486 797	-	-	-	-	-	486 797
Undrawn credit facilities	12 052	132 391	486	77	1 536	525	4 177	151 244
Off-balance sheet impairment	**12 394**	**642 130**	**486**	**77**	**1 536**	**525**	**4 177**	**661 325**
Total impairment	**2 400 666**	**30 374 112**	**250 569**	**116 873**	**922 572**	**633 798**	**19 954 220**	**54 652 810**

As at 31 December 2023 and 31 December 2022, the risk levels presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of the Banco Nacional de Angola.

As at 31 December 2023 and 31 December 2022, the portfolio of loans and advances to customers according to credit risk categories (Stage 1, Stage 2 and Stage 3) is detailed as follows:

Amounts in thousand of Kwanzas

2023/12/31	Exposure				Impairment			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	1 063 289	813 274	424 888	2 301 451	16 804	64 772	374 646	456 222
Consumer credit	80 187 364	1 715 306	3 706 871	85 609 541	577 137	79 947	2 421 172	3 078 256
Motor vehicle loans	76 265	-	-	76 265	385	-	-	385
Mortgages	17 671 884	1 645 297	3 393 725	22 710 906	292 532	295 915	2 515 470	3 103 917
Overdrafts	568 220	280 341	144 524	993 085	34 949	39 013	101 998	175 960
Corporate - less significant exposures	2 259 752	351 385	421 044	3 032 181	84 275	103 902	205 500	393 677
Corporate - significant exposures	202 992 922	30 567 860	53 097 673	286 658 455	2 739 953	6 126 750	31 768 311	40 635 014
State	198 988 971	-	-	198 988 971	2 424 645	-	-	2 424 645
On-balance sheet exposure	**503 808 667**	**35 373 463**	**61 188 725**	**600 370 855**	**6 170 680**	**6 710 299**	**37 387 097**	**50 268 076**
Documentary credit and guarantees provided								
Corporate - less significant exposures	51 318 231	-	-	51 318 231	98 004	-	-	98 004
Corporate - significant exposures	59 664 063	136 277	-	59 800 340	276 745	96	-	276 841
Undrawn credit facilities	44 575 324	408 994	117 382	45 101 700	90 182	979	13 785	104 946
Off-balance sheet exposure	**155 557 618**	**545 271**	**117 382**	**156 220 271**	**464 931**	**1 075**	**13 785**	**479 791**
Total exposure	**659 366 285**	**35 918 734**	**61 306 107**	**756 591 126**	**6 635 611**	**6 711 374**	**37 400 882**	**50 747 867**

Amounts in thousand of Kwanzas

2022/12/31	Exposure				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards	1 272 097	109 212	311 990	1 693 299	47 913	21 925	277 269	347 107
Consumer credit	68 441 728	2 147 502	2 829 725	73 418 955	610 332	101 052	1 907 243	2 618 627
Motor vehicle loans	28 707	-	2 240	30 947	287	-	1 161	1 448
Mortgages	17 071 868	1 119 971	5 546 716	23 738 555	358 888	235 392	4 280 517	4 874 797
Overdrafts	500 176	304 149	778 627	1 582 952	6 895	9 855	447 130	463 880
Corporate - less significant exposures	2 480 759	140 392	407 905	3 029 056	54 737	9 294	154 792	218 823
Corporate - significant exposures	172 355 420	24 285 792	53 075 162	249 716 374	4 068 571	6 512 769	33 554 944	44 136 284
State	104 890 489	13 316 422	-	118 206 911	1 255 481	75 038	-	1 330 519
On-balance sheet exposure	**367 041 244**	**41 423 440**	**62 952 365**	**471 417 049**	**6 403 104**	**6 965 325**	**40 623 056**	**53 991 485**
Documentary credit and guarantees provided								
Corporate - less significant exposures	25 441 636	-	-	25 441 636	23 284	-	-	23 284
Corporate - significant exposures	50 972 173	215 754	-	51 187 927	482 265	4 532	-	486 797
Undrawn credit facilities	40 910 637	338 664	263 719	41 513 020	102 607	2 951	45 686	151 244
Off-balance sheet exposure	**117 324 446**	**554 418**	**263 719**	**118 142 583**	**608 156**	**7 483**	**45 686**	**661 325**
Total exposure	**484 365 690**	**41 977 858**	**63 216 084**	**589 559 632**	**7 011 260**	**6 972 808**	**40 668 742**	**54 652 810**

The movement in the caption Loans and advances to customers, by stage, for the periods ended 31 December 2023 and 31 December 2022 was as follows:

Amounts in thousand of Kwanzas

	2023/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2023	**367 041 244**	**6 403 104**	**41 423 440**	**6 965 325**	**62 952 365**	**40 623 056**	**471 417 049**	**53 991 485**
Financial assets purchased in the period / changes in credit risk	259 837 617	2 108 053		-	-	-	259 837 617	2 108 053
Other financial assets / changes in credit risk		591 335		(548 615)		1 187 918	-	1 230 638
Derecognized financial assets	(59 439 140)	(632 214)	(872 401)	(39 944)	(1 398 438)	(745 394)	(61 709 979)	(1 417 552)
Transfers to:								
Stage 1	17 104 869	536 779	(17 014 887)	(453 522)	(89 982)	(83 257)	-	-
Stage 2	(14 446 624)	(775 406)	15 690 965	1 687 201	(1 244 341)	(911 795)	-	-
Stage 3	(3 618 601)	(431 767)	(1 584 274)	(133 578)	5 202 875	565 345	-	-
Loans written off from assets					(9 246 603)	(9 246 603)	(9 246 603)	(9 246 603)
Settlements, exchange rate changes and other	(62 670 698)	(1 629 204)	(2 269 380)	(766 568)	5 012 849	5 997 827	(59 927 229)	3 602 055
Balance as at 31 December 2023	**503 808 667**	**6 170 680**	**35 373 463**	**6 710 299**	**61 188 725**	**37 387 097**	**600 370 855**	**50 268 076**

Amounts in thousand of Kwanzas

	2022/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2022	**292 331 551**	**4 284 907**	**55 368 120**	**10 496 094**	**58 631 430**	**38 590 636**	**406 331 101**	**53 371 637**
Financial assets purchased in the period / changes in credit risk	171 135 070	2 939 427	4 741 185	1 172 844	1 241 247	513 665	177 117 502	4 625 936
Other financial assets / changes in credit risk	-	296 100	-	(837 773)	-	900 694	-	359 021
Derecognized financial assets	(57 626 462)	(849 386)	(3 011 020)	(602 698)	(2 891 338)	(1 425 530)	(63 528 820)	(2 877 614)
Transfers to:								
Stage 1	2 209 491	622 986	(1 609 959)	(261 030)	(599 532)	(361 956)	-	-
Stage 2	(4 756 638)	(77 520)	5 313 890	385 470	(557 252)	(307 950)	-	-
Stage 3	(1 885 111)	(32 652)	(8 831 465)	(2 478 903)	10 716 576	2 511 555	-	-
Loans written off from assets					(557 019)	(557 019)	(557 019)	(557 019)
Settlements, exchange rate changes and other	(34 366 657)	(780 758)	(10 547 311)	(908 679)	(3 031 747)	758 961	(47 945 715)	(930 476)
Balance as at 31 December 2022	**367 041 244**	**6 403 104**	**41 423 440**	**6 965 325**	**62 952 365**	**40 623 056**	**471 417 049**	**53 991 485**

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in December 2023 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	2,3%	13,2%	49,2%	72,4%
Consumer credit	2,3%	11,3%	43,7%	68,7%
Motor vehicle loans	2,6%	10,3%	43,6%	67,4%
Mortgages	2,6%	50,8%	41,2%	76,8%
Overdrafts	9,2%	26,2%	69,6%	70,5%
Corporate - less significant exposures	17,6%	66,1%	46,7%	48,8%
Corporate - significant exposures	6,5%	22,5%	32,3%	49,1%

	Impairment in December 2022 - Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	2,6%	18,0%	53,9%	87,2%
Consumer credit	3,0%	12,7%	44,0%	93,4%
Motor vehicle loans	2,9%	n.a	44,0%	97,8%
Mortgages	1,8%	65,9%	46,9%	79,2%
Overdrafts	5,9%	20,0%	28,6%	44,8%
Corporate - less significant exposures	17,7%	56,1%	31,3%	44,1%
Corporate - significant exposures	8,2%	38,0%	39,2%	84,0%

In accordance with the impairment model implemented, the Bank recalculated the parameters of PDs and LGDs in the second half of 2023.

10. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Non-current assets held for sale		
Real Estate	787 572	606 592
Accumulated impairment losses (Note 16)	(606 592)	(606 592)
	180 980	-

The amounts disclosed refer to properties received as payment, which are not in use and are available for immediate sale.
The Bank has set up 100% impairment for 8 of the properties held in its portfolio.

As at 31 December 2022, the amounts disclosed refer to 8 properties received as payment, which are not in use and are available for immediate sale.

11. OTHER INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

During the periods ended 31 December 2023 and 31 December 2022, the captions Property, plant and equipment and Intangible assets presented the following movement:

Amounts in thousand of Kwanzas

	2023/12/31													
	Balances as at 2023/12/31								Amortization		Balances as at 2023/12/31			
	Gross assets	Accumulated amortization	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortization	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	32 780 042	(11 680 232)	(408 792)	20 691 018	289 111	11 917	-	-	(885 176)	116	33 069 153	(12 565 292)	(396 875)	20 106 986
Furniture, tools, facilities and equipment	39 350 049	(25 871 427)	-	13 478 622	6 752 470	-	-	(701 680)	(6 518 606)	665 041	45 400 839	(31 724 992)	-	13 675 847
Assets under construction	237 061	-	-	237 061	1 543 705	-	-	-	-	-	1 780 766	-	-	1 780 766
Right-of-use assets:														
Branches	4 875 889	(2 836 944)	-	2 038 945	777 880	-	-	-	(678 652)	-	5 653 769	(3 515 596)	-	2 138 173
Offices and central services	2 521 622	(2 094 287)	-	427 335	1 638 609	-	-	-	(580 528)	-	4 160 231	(2 674 815)	-	1 485 416
Other	627 432	(440 648)	-	186 784	-	-	-	(33 317)	(144 372)	24 989	594 115	(560 031)	-	34 084
Subtotal	**80 392 095**	**(42 923 538)**	**(408 792)**	**37 059 765**	**11 001 775**	**11 917**	**-**	**(734 997)**	**(8 807 334)**	**690 146**	**90 658 873**	**(51 040 726)**	**(396 875)**	**39 221 272**
Intangible assets														
Automatic data processing systems (Software)	17 234 121	(8 798 114)	-	8 436 007	9 517 682	-	-	-	(4 997 472)	-	26 751 803	(13 795 586)	-	12 956 217
Organization and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfers	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**17 429 644**	**(8 993 637)**	**-**	**8 436 007**	**9 517 682**	**-**	**-**	**-**	**(4 997 472)**	**-**	**26 947 326**	**(13 991 109)**	**-**	**12 956 217**
Total	**97 821 739**	**(51 917 175)**	**-**	**45 495 772**	**20 519 457**	**11 917**	**-**	**(734 997)**	**(13 804 806)**	**690 146**	**117 606 199**	**(65 031 835)**	**(396 875)**	**52 177 489**

Amounts in thousand of Kwanzas

	2022/12/31													
	Balances as at 2021/12/31								Amortization		Balances as at 2022/12/31			
	Gross assets	Accumulated amortization	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortization	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	27 627 417	(10 749 062)	(436 259)	16 442 096	3 376 138	27 467	1 776 487	-	(931 170)	-	32 780 042	(11 680 232)	(408 792)	20 691 018
Furniture, tools, facilities and equipment	33 094 766	(20 400 028)	-	12 694 738	6 662 871	-	-	(407 588)	(5 851 813)	380 414	39 350 049	(25 871 427)	-	13 478 622
Assets under construction	1 686 812	-	-	1 686 812	554 256	-	(1 776 487)	(227 520)	-	-	237 061	-	-	237 061
Right-of-use assets:														
Branches	4 625 011	(2 158 978)	-	2 466 033	353 422	-	-	(102 544)	(690 912)	12 946	4 875 889	(2 836 944)	-	2 038 945
Offices and central services	2 521 622	(1 552 028)	-	969 594	-	-	-	-	(542 259)	-	2 521 622	(2 094 287)	-	427 335
Other	408 771	(284 074)	-	124 697	218 661	-	-	-	(156 574)	-	627 432	(440 648)	-	186 784
Subtotal	**69 964 399**	**(35 144 170)**	**(436 259)**	**34 383 970**	**11 165 348**	**27 467**	**-**	**(737 652)**	**(8 172 728)**	**393 360**	**80 392 095**	**(42 923 538)**	**(408 792)**	**37 059 765**
Intangible assets														
Automatic data processing systems (Software)	7 562 651	(5 493 666)	-	2 068 985	9 671 470	-	-	-	(3 304 448)	-	17 234 121	(8 798 114)	-	8 436 007
Organization and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfers	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**7 758 174**	**(5 689 189)**	**-**	**2 068 985**	**9 671 470**	**-**	**-**	**-**	**(3 304 448)**	**-**	**17 429 644**	**(8 993 637)**	**-**	**8 436 007**
Total	**77 722 573**	**(40 833 359)**	**(436 259)**	**36 452 955**	**20 836 818**	**27 467**	**-**	**(737 652)**	**(11 477 176)**	**393 360**	**97 821 739**	**(51 917 175)**	**(408 792)**	**45 495 772**

As at 31 December 2023, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment.

As at 31 December 2022, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment and transport equipment.

As at 31 December 2022, the increase in Property in use relates to the acquisition of a plot of land for own use.

As at 31 December 2023 and 31 December 2022, the increase in the automatic data processing systems relates to the acquisition of software, mostly related to developments made to the EMUDAR system.

12. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2023 and 31 December 2022, the balances of current tax assets and liabilities were as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Current tax assets	192 964	145 408
Total - Current tax assets	**192 964**	**145 408**
Current tax liabilities:		
VAT	1 280 082	1 014 651
On capital gains	11 862 568	9 033 834
On income from employment	698 351	598 236
On income from property	68 169	-
On corporate tax	148 628	-
Contributions to social security	377 354	342 437
Total - Current tax liabilities	**14 435 152**	**10 989 158**

In the periods ended 31 December 2023 and 31 December 2022, the income tax expense recognized in the income statement, as well as the tax burden, measured by the ratio between the tax assessed and the profit for the period before that assessment, can be summarized as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Corporate tax	151 503	-
Capital gains tax	16 261 148	19 848 403
Total tax recorded in profit or loss	16 412 651	19 848 403
Profit before tax	184 337 334	160 744 342
Tax burden	8,90%	12,35%

The reconciliation between the nominal tax rate and the tax charge for the periods ended 31 December 2023 and 31 December 2022, can be analyzed as follows:

Amounts in thousand of Kwanzas

	2023/12/31		2022/12/31	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		184 337 334		160 151 791
Tax calculated using nominal tax rate	35,00%	64 518 067	35,00%	56 053 127
Income from public debt securities not subject to II (Subject to IAC)	-43,25%	(79 725 624)		
Provisions and impairment	2,42%	4 461 942	-45,48%	(72 838 946)
Paid and unpaid exchange variations	-23,72%	(43 727 933)	2,90%	4 646 484
Corporate Tax	0,08%	151 503	30,45%	48 769 980
Capital Gains Tax (IAC)	8,82%	16 261 148		
Other permanent differences	1,10%	2 029 925	12,30%	19 696 571
Tax losses (used)/to be carried forward	28,45%	52 443 623	0,34%	544 788
Income tax	**8,90%**	**16 412 651**	**12,30%**	**19 696 571**

Corporate Tax

As mentioned in Note 2.15, the Bank is subject to Corporate Tax, and the applicable tax rate is 35% for the periods ended 31 December 2023 and 31 December 2022.

Deferred Taxes

As at 31 December 2023 and 31 December 2022, the Bank had no deferred tax assets.

As at 31 December 2023, tax losses carried forward from previous periods, by year of expiry, are analyzed as follows:

Amounts in thousand of Kwanzas

Year	Year of expiry	Tax losses
2022	31/12/2027	21 838 961
2023	31/12/2028	150 605 568
		172 444 529

The tax authorities may review the Bank's tax position for a period of five years, and as a result of different interpretations of tax law, potential adjustments to the respective tax/tax losses assessed may arise.

The Bank's Board of Directors believes that any additional settlements, which may result from these reviews, will not be significant for the financial statements.

13. OTHER ASSETS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	-	15 818
	-	**15 818**
Other assets of a tax nature		
Other taxes receivable	2 780 768	2 103 421
	2 780 768	**2 103 421**
Other amounts of a civil nature		
Sundry debtors:		
Public sector - Government	1 319 137	896 708
Private sector – Corporate	1 673 006	3 732 048
Private sector – Staff	1 362 797	1 431 905
Private sector – Retail	296	1 013
Management fee	353 876	346 703
Advances to fixed asset suppliers	8 336 615	3 311 070
	13 045 727	**9 719 447**

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Other amounts of an administrative and commercial nature		
Prepaid expenses:		
Rents and leasing	19 659	25 483
Insurance	53 844	78 779
Other	1 093 772	473 115
	1 167 275	**577 377**
Office material	2 946 924	1 312 734
Other advances:		
Cash shortfalls	6 287	8 623
Active transactions pending settlement	1 111 583	1 176 304
Other	397 597	137 275
	1 515 467	**1 322 202**
	21 456 161	**15 050 999**

As at 31 December 2022, the balance of Foreign exchange spot transactions corresponds to foreign exchange transactions to be settled on D+1.

As at 31 December 2023 and 31 December 2022, Other taxes receivable essentially represents taxes recoverable through the provisional assessment of Corporate Tax.

As at 31 December 2022 and 31 December 2021, Other amounts of a civil nature - Sundry debtors: Advances to fixed assets suppliers refers to advances made to suppliers of property, plant and equipment in the course of the Bank's business, relating to the acquisition of goods and services, namely the acquisition of vehicles, IT equipment and real estate.

As at 31 December 2023 and 31 December 2022, Other amounts of an administrative and commercial nature - Accruals refers to outstanding operations at the end of the month which were settled in the first days of the following month.

14. DEPOSITS FROM CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Transactions in the Interbank Money Market		
Deposits from Credit Institutions in the country - Loan (AOA)	35 762	32 112
Deposits from Credit Institutions abroad	24 502 926	3 069 090
Deposits from other entities		
Certified checks	419 514	537 461
ATM transactions - to be settled	2 882 721	6 989 609
Other	-	57 979
	27 840 923	**10 686 251**

In the period ended 31 December 2023, Deposits from credit institutions abroad includes the amount of AOA 22,442,172 thousand (Note 28), relating to dividends distributed to the shareholder BPI which were not transferred outside the Bank's sphere on that date, bearing interest at a rate of 12% and maturing in June 2024. The amount recorded includes interest of AOA 80,788 thousand.

The breakdown of deposits from Other credit institutions, by residual maturity, is disclosed in Note 29.2.

As at 31 December 2022, the balance under Deposits from other entities relates essentially to interbank clearing values, namely, certified checks, ATM transactions, Multicaixa network transactions which were settled in the first days of the following month and import letters of credit.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, the caption Deposits from customers and other loans is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Demand deposits from residents		
In national currency	803 138 258	597 559 223
In foreign currency	331 700 299	263 011 913
	1 134 838 557	**860 571 136**
Demand deposits from non-residents		
In national currency	57 749 394	25 396 687
In foreign currency	6 972 050	4 620 118
	64 721 444	**30 016 805**
Interest on demand deposits	5 994	28 685
Total demand deposits	**1 199 565 995**	**890 616 626**
Term deposits from residents		
In national currency	550 771 234	449 839 149
In foreign currency	1 064 057 579	676 387 091
	1 614 828 813	**1 126 226 240**
Term deposits from non-residents	23 395 786	8 063 149
Interest on term deposits	17 415 531	14 269 591
Total term deposits	**1 655 640 130**	**1 148 558 980**
Total deposits	**2 855 206 125**	**2 039 175 606**

As at December 31, 2023, and December 31, 2022, term deposits from customers have the following structure, according to the residual maturity of the operations:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Up to 1 month	319 990 193	379 408 934
1 to 3 months	567 149 641	325 766 227
3 to 6 months	459 266 809	10 544 595
6 to 12 months	292 328 236	234 343 736
1 to 3 years	16 905 251	198 495 488
	1 655 640 130	**1 148 558 980**

As at 31 December 2023 and 31 December 2022, interest on customer term deposits earned interest at the following annual weighted average rates:

	2023/12/31	2022/12/31
In Kwanzas	10,69%	10,82%
In US Dollars	1,43%	1,40%
In Pounds Sterling	0,69%	-
In Euros	1,41%	0,08%

As at 31 December 2023 and 31 December 2022, demand and term deposits, by type of customer, presented the following structure:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Demand deposits		
Public sector - Government	99 847 345	125 329 625
Public sector - Corporate	27 658 753	10 404 615
Corporate	663 720 943	448 755 178
Retail	408 338 954	306 127 208
	1 199 565 995	**890 616 626**
Term deposits		
Public sector - Government	31 532 471	44 523 141
Public sector - Corporate	33 482 550	15 123 613
Corporate	828 602 232	547 058 855
Retail	762 022 877	541 853 371
	1 655 640 130	**1 148 558 980**
	2 855 206 125	**2 039 175 606**

16. IMPAIRMENT AND PROVISIONS

During the periods ended 31 December 2023 and 31 December 2022, the movement in impairment and provisions was as follows:

Amounts in thousand of Kwanzas

	2023/12/31								
		Increases	Decreases						
	Balances as at ´2022/12/31	Charge for the period	Refunds and write-offs	Impact on Profit or Loss	Write-offs	Charge-off	Exchange rate and other differences	Transfers	Balances as at ´2023/12/31
Impairment of other financial assets									
Loans and advances to credit institutions (Note 5)	3 444	18 284	(20 238)	(1 954)	-	-	2 690	-	4 180
Other loans and advances to central banks and credit institutions (Note 6)	320 964	692 128	(797 072)	(104 944)	-	-	159 104	-	375 124
Investments at amortized cost (Note 8)	10 211 818	3 501 587	(2 173 764)	1 327 823	-	-	1 509 130	-	13 048 771
	10 536 226	4 211 999	(2 991 074)	1 220 925	-	-	1 670 924	-	13 428 075
Impairment of other assets									
Non-current assets held for sale (Note 10)	606 592	-	-	-	-	-	-	-	606 592
Property, plant and equipment and intangible assets (Note 12)	408 792	-	(11 917)	(11 917)	-	-	-	-	396 875
	1 015 384	-	(11 917)	(11 917)	-	-	-	-	1 003 467
Loan impairment (Note 9)	**53 991 485**	**4 562 615**	**(2 641 476)**	**1 921 139**	**(9 247 161)**	**-**	**3 602 613**	**-**	**50 268 076**
Provisions:									
Of a social or statutory nature	18 236 028	-	-	-	-	(1 230 731)	9 765 133	-	26 770 430
Of an administrative and commercial nature	32 680 810	16 433 575	(18 284 254)	(1 850 679)	-	(4 465 809)	1 910 103	-	28 274 425
Guarantees provided and undrawn credit facilities (Note 9)	**661 325**	**697 869**	**(941 068)**	**(243 199)**	**-**	**-**	**61 665**	**-**	**479 791**
	51 578 163	**17 131 444**	**(19 225 322)**	**(2 093 878)**	**-**	**(5 696 540)**	**11 736 901**	**-**	**55 524 646**
	117 121 258	**25 906 058**	**(24 869 789)**	**1 036 269**	**(9 247 161)**	**(5 696 540)**	**17 010 438**	**-**	**120 224 264**

Amounts in thousand of Kwanzas

	2022/12/31								
		Increases	Decreases						
	Balances as at ´2021/12/31	Charge for the period	Refunds and write-offs	Impact on Profit or Loss	Write-offs	Charge-off	Exchange rate and other differences	Transfers	Balances as at ´2022/12/31
Impairment of other financial assets									
Loans and advances to credit institutions (Note 5)	7 570	19 200	(22 779)	(3 579)	-	-	(547)	-	3 444
Other loans and advances to central banks and credit institutions (Note 6)	353 978	245 495	(247 703)	(2 208)	-	-	(30 806)	-	320 964
Investments at amortized cost (Note 8)	13 472 621	829 040	(3 339 380)	(2 510 340)	-	-	(750 463)	-	10 211 818
	13 834 169	1 093 735	(3 609 862)	(2 516 127)	-	-	(781 816)	-	10 536 226
Impairment of other assets									
Non-current assets held for sale (Note 10)	514 111	92 481	-	92 481	-	-	-	-	606 592
Property, plant and equipment and intangible assets (Note 12)	436 259		(27 467)	(27 467)	-	-	-	-	408 792
	950 370	92 481	(27 467)	65 014	-	-	-	-	1 015 384
Loan impairment (Note 9)	**53 371 637**	**4 882 845**	**(2 775 502)**	**2 107 343**	**(557 019)**	**-**	**(930 476)**	**-**	**53 991 485**
Provisions:									
Of a social or statutory nature	21 554 210	123 889	(123 889)	-	-	(1 410 890)	(1 907 292)	-	18 236 028
Of an administrative and commercial nature	26 880 849	14 064 741	(7 302 461)	6 762 280	-	(266 413)	(695 906)	-	32 680 810
Guarantees provided and undrawn credit facilities (Note 9)	**535 590**	**375 390**	**(233 051)**	**142 339**	**-**	**-**	**(16 604)**	**-**	**661 325**
	48 970 649	**14 564 020**	**(7 659 401)**	**6 904 619**	**-**	**(1 677 303)**	**(2 619 802)**	**-**	**51 578 163**
	117 126 825	**20 633 081**	**(14 072 232)**	**6 590 849**	**(557 019)**	**(1 677 303)**	**(4 332 094)**	**-**	**117 121 258**

For the period ended 31 December 2023, the Bank increased impairment, on a net basis, in the amount of AOA 1,327,823 thousand for the portfolio of Impairment of other financial assets – Investments at amortized cost (see Note 8).

In terms of Loan impairment, the Bank reversed impairment, on a net basis, in the amount of AOA 1,677,940 thousand (see Note 9).

In 2023, the Bank wrote off a set of operations, with an impairment amount of AOA 9,247,161.

As at 31 December 2023, the caption Guarantees provided includes the impairment recognized for off-balance sheet captions of documentary credits, guarantees provided and undrawn limits included in the loan portfolio. The Bank increased impairment, on a net basis, in the amount of AOA 243,199 thousand (2022: AOA 142,339 thousand) (see Note 9).

In 2018, the Bank created the Social Responsibility Department, which comprises the (i) monitoring of the "BFA Solidário" project and (ii) subsidies units and is responsible for the Bank's social activities until the process of setting up the BFA Foundation is completed.

Since it is the intention of the Bank's Board of Directors that the provision existing as at 31 December 2023 in the amount of AOA 26,770,430 thousand (2022: AOA 18,236,028 thousand) be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that it be alternatively used through the social activity to be developed by the Social Responsibility Directorate until the incorporation of the Fundação BFA is completed.

As at 31 December 2023 and 31 December 2022, the caption Provisions of an administrative and commercial nature consists of provisions to cover several contingencies, frauds, ongoing legal proceedings and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities.

In 2023, the Bank settled the amount of AOA 4,183,789 thousand to deal with tax proceedings.

17. OTHER LIABILITIES AND LEASE LIABILITIES

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	6 902	-
	6 902	**-**
Taxes payable - withheld from third parties		
On income	745 313	428 444
Other	6	5 500
	745 319	**433 944**
Liabilities of a civil nature	**5 912 161**	**9 276 155**
Liabilities of a statutory nature - Dividends outstanding	**-**	**48 150 000**
Liabilities of an administrative and commercial nature		
Staff – salaries and wages		
Holiday pay and holiday allowance	5 704 604	6 469 228
Performance bonus	9 016 005	7 490 462
Other staff costs	1 871 848	1 151 709
Corporate bodies - Performance bonus	1 192 288	-
Contributions to the Bank Employees Union	2 807	15 188
	17 787 552	**15 126 587**
Other administrative and marketing costs payable		
Liabilities to be settled	4 853	4 095
Accrued costs	3 289 384	10 653 214
VAT payable	1 203 024	113 813
Deposit Fund Guarantee	1 370 658	1 022 921
Premium/Discount - Acquisition of securities	14 567 530	12 806 211
IAC Accrual - Own Portfolio	2 037 309	2 262 507
Other	6 966 495	6 318 227
	29 439 253	**33 180 988**
Total other liabilities	**53 891 187**	**106 167 674**
Lease liabilities	5 325 022	4 622 610
	59 216 209	**110 790 284**

The balance of the caption Tax charges payable – withheld on behalf of third parties includes amounts payable to the Tax Authorities in the month following the month to which it relates. The balance of the caption Liabilities of a civil nature corresponds to invoices for services rendered outstanding to the Bank's suppliers.

As at 31 December 2022, the balance of the caption Liabilities of a statutory nature corresponds to dividends with deferred payment allocated to the Bank's shareholders pending settlement, in the amount of AOA 48,150,000 thousand, as per Note 19. In the period ended 31 December 2023, this amount was settled.

On 28 March 2023, by Unanimous Written Resolution no. 3/2023 (and following the postponement of the decision taken at the General Meeting of 30 March 2023), the amount relating to 60% of the variable remuneration for 2022 was settled and 40% of that amount deferred for a 3-year period, to be valued considering the interest rate of Angolan treasury bonds, traded on the secondary market, in the same currency and maturity as the deferral.

As at 31 December 2023, this caption included the amount of AOA 1,192,288 thousand relating to 40% of the Variable Remuneration of the Directors of the Executive Committee for 2022 plus the remuneration described above.

The caption Premium/Discount – Acquisition of securities in the amount of AOA 14,567,530 and AOA 12,806,211 refer to the amount to be deferred to the gain on day 1, for the acquisition of public debt securities, considering that the fair value calculated by the Bank at the time of acquisition does not derive from prices directly observed in the market (the operation was OTC), but based on curves (level 2), it was concluded that the difference between the fair value of the security acquired and the acquisition price (P&L of day 1) should be accrued over the maturity of the securities and/or recognized in profit or loss at the time of derecognition

On 28 March 2023, by Unanimous Written Resolution no. 3/2023 (and following the postponement of the decision taken at the General Meeting of 30 March 2023), the amount relating to 60% of the variable remuneration for 2022 was settled and 40% of that amount deferred for a 3-year period, to be valued considering the interest rate of Angolan treasury bonds, traded on the secondary market, in the same currency and maturity as the deferral.

As at 31 December 2023, this caption included the amount of AOA 1,192,288 thousand relating to 40% of the Variable Remuneration of the Directors of the Executive Committee for 2022 plus the remuneration described above.

The balance of the caption Other administrative and marketing costs payable – Accrued costs includes the amount of AOA 3,289,384 thousand (2022: AOA 10,653,214 thousand) related to accrued costs with external supplies and services rendered and not yet invoiced by the suppliers.

As at 31 December 2023 and 31 December 2022, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognized under IFRS 16.

The caption Other administrative and marketing costs payable – IAC accruals – Own portfolio refers to the IAC payable to the BNA on the interest on securities in the own portfolio.

The caption Other administrative and marketing costs payable – Other corresponds to balances being settled.

The detail of the lease liabilities by maturity is presented below:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Lease liabilities		
Up to 1 year	2 157 672	2 088 833
1 to 5 years	3 965 875	2 705 617
More than 5 years	1 193 481	1 610 234
	7 317 028	**6 404 684**
Interest accrued on net interest income	1 992 006	1 782 074
	5 325 022	**4 622 610**

Lease liabilities relate to the lease agreements for branches and offices used by the Bank in the course of its business.

18. EQUITY

Share Capital

The Bank was incorporated with a share capital of AOA 1,305,561 thousand (equivalent to Euro 30,188,657 at the exchange rate in force on 30 June 2002), represented by 1,305,561 registered shares of one thousand Kwanzas each, having been subscribed and paid-up by incorporation of all assets and liabilities, including property or real estate rights of any nature, as well as all the rights and obligations of the former BFE Branch.

At the end of the 2004, 2003 and 2002, the Bank increased its share capital by AOA 537,672 thousand, AOA 1,224,333 thousand and AOA 454,430 thousand, respectively, through the incorporation of the special reserve for the maintenance of own funds, in order to maintain the counter value in kwanzas of the initial capital endowment in foreign currency.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to increase BFA's share capital by incorporating reserves recorded under the caption Other reserves and Retained earnings in the amount of AOA 11,478,004 thousand. This capital increase was carried out within the scope of Notice No. 02/2018 of the Banco Nacional de Angola, which defines that the minimum value of fully paid-up share capital in national currency is AOA 7,500,000 thousand.

On 26 November 2018, there was an increase in share capital which corresponded to an increase in the shareholding of each shareholder in proportion to their respective holdings in the share capital of the Bank at that date, with 13,694,439 shares having been issued with a par value of AOA 1,000. Accordingly, at the end of 31 December 2018, the Bank had a total of 15,000,000 ordinary shares outstanding.

Consequently, as at 31 December 2022, the share capital of the Bank amounts to AOA 15,000,000 thousand, represented by 15,000,000 nominal shares of one thousand kwanzas each, resulting from the aforementioned capital increases.

On 30 March 2023, the General Shareholders' Meeting decided on a share capital increase by incorporating Free Reserves in the amount of AOA 30,000,000 thousand, remaining above the minimum set by the BNA stipulated in BNA Notice No. 17/2022, raising the capital to AOA 45,000,000 thousand.

Following this resolution, Banco de Fomento Angola, S.A., in accordance with the Angolan Commercial Companies Code, registered the change in capital, which was registered after a public deed on 22 August 2023 and registered at the Commercial Registry Office on 28 August 2023. In addition, following a public deed on 22 August 2023 at the Commercial Registry Office, the General Shareholders' Meeting decided to regroup its shares representing its share capital by applying a regrouping ratio of 1:5, with each 5 shares prior to the regrouping corresponding to 1 share after the regrouping, with the regrouping applying to all shares in the same proportion. The Bank regrouped the 45,000,000 shares it had after increasing its capital by incorporating reserves into 9,000,000 shares with a nominal value of 5,000 each.

As at 31 December 2023 and 31 December 2022, the shareholder structure of the Bank is as follows:

Amounts in thousand of Kwanzas

	2023/12/31		2022/12/31	
	Number of shares	%	Number of shares	%
Unitel, S.A.	4 671 000	51,90%	7 785 000	51,90%
Banco BPI, S.A.	4 328 370	48,09%	7 213 950	48,09%
Other BPI Group entities	630	0,01%	1 050	0,01%
	9 000 000	**100%**	**15 000 000**	**100%**

On 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, which led to an increase in Unitel's stake in BFA from 49.9% to 51.9%. On that same date, the new shareholders' agreement concerning BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization from the Banco Nacional de Angola (BNA) for the increase in the qualified shareholding already held by Unitel in BFA and authorization for the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of Euro 28 million;
- Authorization from the BNA to change the Articles of Association of BFA; and
- Approval of the operation by the General Shareholders' Meeting of Banco BPI.

On 12 December 2016, the Banco Nacional de Angola communicated that it did not object to the practice of the following acts:

i) Partial amendment of BFA's Articles of Association;
ii) Increase in Unitel's qualified shareholding in the share capital of BFA through the acquisition from Banco BPI of 26,111 ordinary shares representative of 2% of share capital;
iii) Indirect acquisition of the qualified shareholding representative of 48.10% of BFA's share capital of BFA, following the settlement of the general and mandatory initial public offer (IPO) launched by Caixabank for all the shares representative of Banco BPI's share capital.

The BNA established as a condition that the three operations referred to above are indivisible, i.e., it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of the share capital of BFA was completed.

On 26 November 2018, a share capital increase took place which corresponded to an increase in the shareholding of each shareholder in proportion to their respective shareholdings in the Bank's share capital at that date, with 13,694,439 shares with a nominal value of AOA 1,000 having been issued. Accordingly, as at 31 December 2018, the Bank had a total of 15,000,000 ordinary shares outstanding.

On 22 August 2023, the Bank formalized the share capital increase by incorporation of Free Reserves in the amount of AOA 30,000,000 thousand, grouping its shares to the amount of 9,000,000 shares, with a nominal value of AOA 5,000.

Other reserves and Retained earnings

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Other reserves and retained earnings		
Legal reserve	38 444 642	17 376 359
Other reserves	318 268 666	312 714 587
Retained earnings	-	-
	356 713 308	**330 090 946**

By unanimous resolution of the General Shareholders' Meeting held on 30 March 2023, it was decided to distribute dividends to shareholders in the amount of AOA 84,273,132 thousand, corresponding to 60% of the net profit for 2022 (AOA 140,455,220 thousand). Of the remaining amount, 15% (equivalent to AOA 21,068,283 thousand) was transferred to the Legal reserve and 25% (equivalent to AOA 35,113,805 thousand) was transferred to Other reserves.

Under current legislation, Banking Credit Institutions must set aside a legal reserve of no less than 10% of net profit for each period, to set up a legal reserve up to a limit equivalent to the value of the share capital. This reserve can only be used to cover accumulated losses when the remaining reserves have been exhausted. As a result of the General Shareholders' Meeting resolution on the capital increase, effective on 22 August 2023, the Bank increased the legal reserve by 15%, as part of the distribution of profits for 2022, by unanimous resolution of the General Shareholders' Meeting held on 30 March 2023.

The General Shareholders' Meeting of 16 June 2021 unanimously approved the distribution, by way of extraordinary dividends with deferred settlement, of other reserves and retained earnings in the amount of AOA 160,500,000 thousand – to be settled in three installments on the following dates:

- 40% corresponding to AOA 64,200,000 thousand on September 30, 2021;
- 30% corresponding to AOA 48,150,000 thousand on June 30, 2022; and
- 30% corresponding to AOA 48,150,000 thousand on June 30, 2023.

IFRIC 17 – Distributions of non-cash assets stipulates that the dividend payable is recorded considering the fair value of the asset to be delivered, which, in this case, given the fact that this distribution is made through cash outflow, its fair value was considered to be AOA 160,500,000 thousand.

As at 31 December 2023, all extraordinary dividends had been fully paid, as disclosed in Note 17.

In the period ended 31 December 2023, the Bank settled a total of AOA 132,423,132 thousand relating to the distribution of dividends for 2022 (AOA 84,273,132 thousand) and the extraordinary dividend described above (AOA 48,150,000 thousand).

Earnings and dividend per share

In the periods ended 31 December 2023 and 31 December 2022, the basic earnings per share and the dividend attributed, relating to the profit of the previous year, were as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31 IAS 33 effect	2022/12/31
Average number of ordinary shares issued	5 153 425	3 000 000	15 000 000
Net profit/(loss) for the period	167 923 953	140 895 497	140 895 497
Dividends distributed in the period relating to the previous period	84 273 132	78 235 866	78 235 866
Basic earnings per share	32,585	46,965	9,39
Diluted earnings per share	32,585	46,965	9,39
Dividend per share attributed during the period	16,353	26,08	5,22

In accordance with the provisions of IAS 33 – Earnings per share, the basic earnings per share and the dividend paid during the period should be adjusted retrospectively for all the periods affected, in the event of an increase or decrease in the number of ordinary shares.

19. NET INTEREST INCOME

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Interest and similar income		
For short-term investments:		
Term deposits with credit institutions abroad	28 236 811	5 626 364
Term deposits with credit institutions in the country	5 604 480	1 089 638
Other	1 148 934	149 705
Income from reverse purchase agreements	16 762 523	22 602 705
	51 752 748	**29 468 412**
From securities:		
From securities at fair value through profit or loss		
Treasury Bonds	8 479 192	13 314 599
From investments at amortized cost		
Treasury Bonds	161 010 200	153 305 678
Treasury Bills	4 746 887	13 283 046
Reverse Repos	11 499 664	-
	174 236 279	**179 903 323**
From loans granted		
Corporate and Government		
Loans	42 581 323	39 870 825
Credit current account	5 336 970	5 497 570
Other loans	11 506 434	4 119
Mortgages	388 199	330 097
Consumer credit	12 324 968	9 880 021
Other credit	3 680 558	2 979 184
Interest overdue	514 104	-
	76 332 556	**58 561 816**
Total interest and similar income	**313 821 247**	**267 933 551**

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Interest and similar income		
Interest and similar expense		
From deposits:		
Demand deposits	729 268	455 504
Term deposits	62 867 768	49 701 722
	63 597 036	**50 157 226**
Funding liquidity:		
From transactions in the Interbank Money Market	2 220 981	603 132
	2 220 981	**603 132**
Other interest and similar expense	685 996	729 019
	685 996	**729 019**
Total interest and similar expense	**66 504 013**	**51 489 377**
Net interest income	**247 317 234**	**216 444 174**

20. FEES AND COMMISSIONS INCOME/(EXPENSE)

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Fees and commissions income		
Fees and commissions on ATMs and TPAs	13 717 769	12 324 536
Fees and commissions on securities	4 533 104	4 300 759
Fees and commissions on payment orders issued	2 693 227	2 068 583
Fees and commissions on cards	1 737 744	1 873 827
Fees and commissions on open import documentary credits	1 562 209	1 014 421
Fees and commissions on currency sales	1 390 380	1 835 237
Fees and commissions on card cancellation/replacement	1 302 349	658 999
Fees and commissions on guarantees and sureties provided	1 046 025	963 246
Management fee	1 042 264	1 324 903
Fees and commissions for restructuring credit operations	1 009 818	806 014
Fees and commissions for opening loans	853 560	699 929
Fees and commissions on the issuance of checks	804 768	779 338
Fees and commissions on interbank services	631 673	556 589
Fees and commissions on services rendered	623 967	1 415 071
Other fees and commissions	2 148 098	1 585 634
	35 096 955	**32 207 086**
Fees and commissions expense		
Fees and commissions on cards	(13 096 346)	(11 347 190)
Fees and commissions on ATMs and TPAs	(1 221 981)	(987 196)
Fees and commissions on securities - Liabilities	(1 067 612)	(279 079)
Other fees and commissions	(838 071)	(799 227)
	(16 224 010)	**(13 412 692)**
Total	**18 872 945**	**18 794 394**

The variation in the caption Fees and commissions income – Fees and commissions on ATM and POS and in the caption Fees and commissions expense – Fees and commissions on cards, compared to the same period of the previous year, is due to the increase in EMIS prices and its impact on the corresponding prices.

21. FOREIGN EXCHANGE GAINS/(LOSSES)

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Changes in exchange rates on assets and liabilities denominated in foreign currency	4 573 031	(4 953 726)
Foreign exchange spot and forward transactions	(109 504)	(393 793)
Foreign currency purchase and sale transactions	14 554 465	22 634 301
	19 017 992	**17 286 782**

The caption Changes in exchange rates on assets and liabilities denominated in foreign currency essentially refers to the foreign exchange gains/(losses) related to the exchange revaluation of the Bank's assets and liabilities in foreign currency.

22. GAINS/(LOSSES) ON DISPOSAL OF OTHER ASSETS

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Net gains/(losses) on sale of assets		
Gains on sale of property, plant and equipment	145 684	74 215
Losses on sale of property, plant and equipment	(176)	(203)
	145 508	**74 012**

23. OTHER OPERATING INCOME/(EXPENSE)

In the periods ended December 31, 2023, and December 31, 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Operating income:		
Recovery of administrative and commercial expenses	6 888 192	6 047 171
Gain on expenses charged	3 760 264	2 730 140
Gains on credit recovery	342 381	331 428
Other	7 616 631	721 187
	18 607 468	**9 829 926**
Operating expense:		
Taxes and fees not levied on income	(9 389 442)	(7 676 151)
Contribution to Deposits Guarantee Fund	(1 370 658)	(1 433 564)
Penalties applied by regulatory authorities	(131 887)	(371 856)
Other	(296 309)	(123 822)
	(11 188 296)	**(9 605 393)**
	7 419 172	**224 533**

In the periods ended 31 December 2023 and 31 December 2022, the caption Taxes and fees not levied on income includes a balance for value added tax in the amount of AOA 7,214,461 thousand and AOA 5,381,722 thousand, respectively.

In the periods ended 31 December 2023 and 31 December 2022, the caption Other operating income – Recovery of administrative and commercial expenses refers essentially to: (i) the reimbursement of communication and shipping expenses originally borne by the Bank, namely in execution of payment order operations and (ii) gains from lease renegotiations.

24. STAFF COSTS

In the periods ended 31 December 2022 and 31 December 2021, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Members of the Management and Supervisory Bodies		
Monthly remuneration	3 241 641	3 096 610
Additional remuneration	2 820 538	3 704 794
Mandatory social charges	421 945	523 786
	6 484 124	**7 325 190**
Staff		
Monthly remuneration	40 672 556	40 666 327
Additional remuneration	6 765 085	5 172 924
Mandatory social charges	3 567 025	2 736 330
Optional social charges	4 130 113	3 742 066
Other	230 103	187 780
	55 364 882	**52 505 427**
Pension costs		
Supplementary pension plan	2 407 792	3 386 149
	2 407 792	**3 386 149**
	64 256 798	**63 216 766**

In 2013, with reference to the last day of the year, the Bank set up the BFA Pension Fund to cover the liabilities with retirement pensions for old age, disability and survival that the Bank granted to its Angolan employees registered with the Social Security, having used the provisions previously set up as an initial contribution to the BFA Pension Fund (defined contribution plan). In accordance with the contract for the set-up of the Fund, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries.

In November 2022, Order No. 3923/22 ((Official Gazette) No. 123 of Series II) published the Addendum to the BFA Pension Fund and the New Pension Plan. The new Pension Plan defines a mixed contribution system between the Associate (BFA) and the Employees and establishes the associate's rate at 7.5% on the pensionable salary, also defining a variable employee contribution between 2.5% and 10% on the pensionable salary.

As at 31 December 2023 and 31 December 2022, the Bank's contribution to the BFA Pension Fund amounted to AOA 2,407,792 thousand and AOA 3,386,149 thousand, respectively. As at 31 December 2023, the responsibility for the management of the BFA Pension Fund rests with Fenix – Sociedade Gestora de Fundos de Pensões, S.A. The Bank assumes the role of depositary of the Fund.

25. EXTERNAL SUPPLIES AND SERVICES

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Audit, advisory and other specialised technical services	12 992 875	11 245 492
Safety, maintenance and repair	10 649 546	4 206 187
Sundry materials	3 648 382	3 286 455
Advertising and marketing	3 258 867	3 313 368
Transport, travel and accommodation	2 678 167	1 915 903
Communication	2 559 277	2 145 195
Water and energy	478 553	611 729
Insurance	760 636	554 783
Rentals	167 809	127 675
Other external supplies and services	294 294	491 076
	37 488 406	**27 897 863**

The fees for services rendered by the external auditor during 2023 and 2022 are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
External audit services	439 282	222 322
Other assurance services as part of the external auditor's duties	93 665	62 719
	532 947	**285 041**

26. OFF-BALANCE SHEET DISCLOSURES

These captions are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Liabilities to third parties:		
Guarantees provided	68 560 046	58 984 788
Commitments to third parties		
- Open documentary credits	42 558 525	17 644 775
Undrawn limits	45 101 700	41 513 020
	156 220 271	**118 142 583**
Liabilities for services rendered:		
Services rendered by the Bank		
- Safekeeping of securities	952 531 732	917 188 788
- Check clearing on foreign banks	440 513	165 751
- Documentary remittances	(95 157 799)	(57 658 695)
	857 814 446	**859 695 844**

As at 31 December 2023 and 31 December 2022, the Bank has set up provisions to cover the credit risk assumed on the granting of guarantees, documentary credits and irrevocable credit facilities (Undrawn limits), in the amounts of AOA 479,791 thousand and AOA 661,325 thousand, respectively (Notes 9 and 17).

As at 31 December 2023 and 31 December 2022, the notional amounts of the forwards are recognized under off-balance sheet captions in the amounts of AOA 7,703,799 thousand and AOA 18,658,343 thousand, respectively.

As at 31 December 2023 and 31 December 2022, the caption Safekeeping of securities refers essentially to securities of customers in the custody of the Bank and BFA Capital Markets.

27. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank – Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy – Associates and joint ventures and the Pension Fund;
- the members that are key management personnel of the Bank, considering for this purpose executive and non-executive members of the Board of Directors and companies in which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder with control over the Bank (executive and non-executive members of the Board of Directors); and
- entities controlled or jointly controlled by key personnel of the shareholder with control over the Bank.

In the period ended December 31, 2023, the Bank's related parties with which it had balances or transactions are as follows:

BFA shareholders
BPI Group
Unitel

Members of Corporate Bodies – UNITEL	Companies in which Members of Corporate Bodies have significant influence
Aguinaldo Jaime	• MULTINVEST-INVEST. E PARTICIPAÇÕES, Lda. • HOTEL PRAIA MAR, Lda.
Osvaldo António Inácio	
António Miguel Ferreira Geraldes	
Amílcar Frederico Safeca	• NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA • ANTOSC, S.A. • ANGLOBAL - COMÉRCIO, INDÚSTRIA E SERVIÇOS, S.A.
Eliana Maria Fortes dos Santos	
Arlindo Ngueva Narciso das Chagas Rangel	• TRANSLUX EXPRESS, Lda.
José Manuel Rela dos Santos Bento	

UNITEL investees	
• ANGOLA CABLES, S.A. • UNITEL INTERNATIONAL, B.V. • HOLDFINANCE • UNI TELECOMUNICAÇÕES • UNITEL SOCIEDADE IMOBILIÁRIA	• TELEACE JLT • UNICANDA - AGRO-INDUSTRIAL (SU), S.A. • UNITEL SPM - SERVIÇOES DE PAGAMENTOS MÓVEIS (SU) S.A. • UNITEAL SOCIEDADE IMOBILIÁRIA, S.A. (USI - MOBILIÁRIA, S.A.)

BFA – Members of Corporate Bodies and Companies in which Members have control

Board of Directors	Companies in which Members have control or joint control
Maria do Carmo Bastos Corte Real Bernardo	• GRUPO REAL
Osvaldo Salvador de Lemos Macaia	• OHM SERVICES
Divaldo Kienda Feijó Palhares	
Jacinto Manuel Veloso	• BLENDGEST CONSULTING, Lda. • VLS GLOBAL
Filomeno da Costa Alegre Alves de Ceita	
Laura Maria Alcântra Monteiro	
Maria Amélia da Conceição Freitas Montenegro Duarte	• MON LARAMA ET ALLL SERVIÇOS, S.A.
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	• LEAD ADVOGADOS - SOCIEDADE DE ADVOGADOS RL
Sebastião Machado Francisco Massango	• SEILMA, Lda. • HONGAMBANDU RESTAURAÇÃO E CARTERING
Paulo Lelis de Freitas Alves	
José Alves do Nascimento	
Francisca Ferrão Costa	• MOONEMPIRE UNIPESSOAL, LDA
Paulo Valódia de Carvalho Moreira da Silva	

BFA – Members of Corporate Bodies and Companies in which Members have control

Supervisory Board	Companies in which Members have control or joint control
Alcides Horácio Frederico Safeca	• ARLUNDA - COMÉRCIO E SERVIÇOS, LDA • AFIMA - COMERCIO E SERVIÇOS, LDA • GRUPO OMNIA - SOCIEDADE DE INVESTIMENTOS LDA • LISASTERN - EXPLORAÇÃO MINEIRA, S.A (N/I)
Adilson de Jesus Manuel Sequeira	• AUDFISCO, LDA
Valdir de Jesus Lima Rodrigues	
Luzia de Castro Peres do Amaral	
Henda N´Zinga Câmara Pires Teixeira	

BFA Investees
BFA GESTÃO DE ACTIVOS SGOIC., S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Rui Helvídio Gonçalves de Oliveira	• EUROCUANZA, Lda. • SOCONCRETO CONSTRUÇÕES, S.A. • RUCATUR, Lda. • RUCATUR - RUCA'S PLACE
Manuel André	• TALARA COMERCIAL, Lda.
Carla Yessénia de Lousada L. E. de Jesus	• CNST-SERV, Lda.
*Other Members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S - ASSURANCE AND ADVISORY, S.A. • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A. • PKF ANGOLA. AUDITORES E CONSULTORES, S.A.
Catarino Eduardo César	• SIMPÓSIO DE AUDITORIA INTERNA
Eliana Maria Fortes dos Santos	
Ana Marisa da Rocha Domingos	

BFA Investees
BFA PENSÕES SOCIEDADE GESTORA DE FUNDOS DE PENSÕES, S.A.

Board of Directors	Companies in which Members have control or joint control
António José Simões Matias	• INSTITUTO DE FORMAÇÃO BANCÁRIA DE ANGOLA
Natacha Sofia da Silva Barradas*	
Paulo Alexandre Caldeira Lages Ferreira	
Neusa Lopes Pilartes da Silva	
Rosário Manuel Alberto Dala	

*Other Members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S – ASSURANCE AND ADVISORY, S.A • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A. • PKF ANGOLA. AUDITORES E CONSULTORES, S.A.
Mariana da Conceição Francisco Assis	
José Miguel da Costa Henriques Sardinha	
Euclides Firmino Capitamolo	
Valentim Joaquim Manuel	

BFA Investees
BFA CAPITAL MARKETS, SDVM, S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Deolinda Suzete Bravo da Rosa	
Telmo José Pacavira Dias Van-Dúnem	• TINATEL INVESTMENTS, Lda.
Cláudia Rocha Cordeiro Almada Lourenço	• MUDIA-AGROINDUSTRIA, COM. PREST. DE SER., Lda. • MICLA-ENSINO GERAL TEC. PROFISSIONAL, Lda.

*Other Members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Mirian Custódio Ferreira	
Catarino Eduardo César	
Mariana Conceição Francisco de Assis	
José Miguel Henriques Sardinha	
Valentim Joaquim Manuel	

- **Qualified Parties**

Unitel Shareholders	Qualified Parties
MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A. – 25% ESTADO ANGOLANO (IGAPE – INSTITUTO DE GESTÃO DE ACTIVOS E PARTICIPAÇÕES DO ESTADO) – 50% PT VENTURES, SGPS, S.A. – 25%	• Sonangol E.P.

The related entities of the Bank with which it maintained balances or transactions in the period ended December 31, 2022 are as follows:

BFA shareholders
BPI Group
Unitel

Members of Corporate Bodies – UNITEL	Companies in which Members of Corporate Bodies have significant influence
Aguinaldo Jaime	• MULTINVEST-INVEST. E PARTICIPAÇÕES, Lda. • HOTEL PRAIA MAR, Lda.
Osvaldo António Inácio	
António Miguel Ferreira Geraldes	
Amílcar Frederico Safeca	• NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA • ANTOSC, S.A. • ANGLOBAL - COMÉRCIO, INDÚSTRIA E SERVIÇOS, S.A.
Eliana Maria Fortes dos Santos	
Arlindo Ngueva Narciso das Chagas Rangel	• TRANSLUX EXPRESS, Lda.
José Manuel Rela dos Santos Bento	

UNITEL Investees	
• ANGOLA CABLES, S.A. • UNITEL INTERNATIONAL, B.V. • HOLDFINANCE • UNI TELECOMUNICAÇÕES • UNITEL SOCIEDADE IMOBILIÁRIA	• TELEACE JLT • UNICANDA - AGRO-INDUSTRIAL (SU), S.A. • UNITEL SPM - SERVIÇOES DE PAGAMENTOS MÓVEIS (SU) S.A. • UNITEAL SOCIEDADE IMOBILIÁRIA, S.A. (USI - MOBILIÁRIA, S.A.)

BFA – Members of Corporate Bodies and Companies in which Members have Control

Board of Directors	Companies in which Members have control or joint control
Rui Jorge Carneiro Mangueira	
António José Simões Matias	
Divaldo Kenda Feijó Palhares	
Jacinto Manuel Veloso	• BLENDGEST CONSULTING, Lda. • VLS GLOBAL
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	
João Fernando Quiúma	• F Q & FILHOS LDA
Filomeno da Costa Alegre Alves de Ceita	
Paulo Lelis de Freitas Alves	
Osvaldo Salvador de Lemos Macaia	
Sebastião Machado Francisco Massango	• SEILMA, Lda. • HONGAMBANDU RESTAURAÇÃO E CARTERING
Vera Cristina dos Anjos Tangue Escórcio	
António Manuel Costa Alfaia	

BFA – Members of Corporate Bodies and Companies in which Members have Control

Supervisory Board	Companies in which Members have control or joint control
Ari Nelson Correia Brandão	• ADVISORS PRESTAÇÃO DE SERVIÇOS, Lda. • PISON IMOBILIARIA, Lda. • ATELIER DO PEIXE, Lda.
Valdir de Jesus Lima Rodrigues	
João Filipe Melão Dias	

BFA Investees

BFA GESTÃO DE ACTIVOS SGOIC., S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tangue Escórcio*	
Rui Helvídio Gonçalves de Oliveira	• EUROCUANZA, Lda. • SOCONCRETO CONSTRUÇÕES, S.A. • RUCATUR, Lda. • RUCATUR - RUCA'S PLACE
Manuel André	• TALARA COMERCIAL, Lda.
Carla Yessénia de Lousada L. E. de Jesus	• CNST-SERV, Lda.

*Other members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S - ASSURANCE AND ADVISORY, S.A. • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A.
Catarino Eduardo César	
Ana Marisa da Rocha Domingos	

BFA Investees
BFA PENSÕES SOCIEDADE GESTORA DE FUNDOS DE PENSÕES, S.A.

Board of Directors	Companies in which Members have control or joint control
António José Simões Matias*	
Natacha Sofia da Silva Barradas*	
Paulo Alexandre Caldeira Lages Ferreira	
Neusa Lopes Pilartes da Silva	
Rosário Manuel Alberto Dala	

*Other members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Mariana da Conceição Francisco Assis	
Henrique Manuel Camões Serra	
José Miguel da Costa Henriques Sardinha	
Valentim Joaquim Manuel	
Euclides Firmino Capitamolo	

Qualified Parties

Unitel Shareholders	Qualified Parties
MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A. – 25% ESTADO ANGOLANO (IGAPE – INSTITUTO DE GESTÃO DE ACTIVOS E PARTICIPAÇÕES DO ESTADO) – 50% PT VENTURES, SGPS, S.A. – 25%	• Sonangol E.P.

BFA Investees
BFA CAPITAL MARKETS, SDVM, S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tangue Escórcio*	
Deolinda Suzete e Bravo da Rosa	
Telmo José Pacavira Dias Van-Dúnem	• TINATEL INVESTMENTS, Lda.
Cláudia Rocha Cordeiro Almada Lourenço	• MUDIA-AGROINDUSTRIA, COM. PREST.DE SER., Lda. • MICLA-ENSINO GERAL TEC. PROFISSIONAL, Lda.

*Other members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Mirian Custódio Ferreira	
Catarino Eduardo César	
Mariana Conceição Francisco de Assis	
José Miguel Henriques Sardinha	
Valentim Joaquim Manuel	

As at 31 December 2023 and 31 December 2022, the main balances and transactions maintained by the Bank with related entities are as follows:

Amounts in thousand of Kwanzas

	2023/12/31						
	BFA Shareholders						
	BPI	Unitel	Members of the BFA's Board of Directors	Companies in which the members of the Board of Directors have significant influence	BFA Pension Fund	Related parties via Unitel	Total
Cash and deposits							
Loans and advances to credit institutions	14 465 892	-					14 465 892
Short-term investments							-
Other loans to credit institutions	318 918 561	-					318 918 561
Loans granted	**5 950**	**-**	**253 321**	**-**	**-**	**3 499 500**	**3 758 771**
Other assets					**2 061 628**	**-**	**2 061 628**
Deposits from other credit Institutions	**22 522 957**	**-**	**-**	**-**	**-**	**-**	**22 522 957**
Deposits from customers							-
Demand deposits		2 599 941	537 175	201 008	1 746 377	21 370 558	26 455 059
Term deposits		272 239 656	2 789 749	-	13 191 747	1 669 454	289 890 606
Other liabilities		-	-	-	-	-	-
Interest and similar income	**12 738 507**		**12 261**	**13**	**-**	**63**	**12 750 844**
Interest and similar expense	**1 830 512**	**6 005 573**	**333 116**	**-**	**2 999 010**	**163 604**	**11 331 815**
Fees and commissions		-	-	-	-	-	-
Securities used as deposits		**3 779 219**	**323 223**	**-**	**-**	**1 931 048**	**6 033 490**
Participation units			-	-	-	-	-
Documentary credits		**400 035**	**-**	**-**	**-**	**52 121 723**	**52 521 758**
Bank guarantees		**22 940 833**	**-**	**-**	**-**	**-**	**22 940 833**

Amounts in thousand of Kwanzas

	2022/12/31							
	BFA Shareholders							
	BPI	Unitel	Members of the BFA's Board of Directors	Companies in which the members of the Board of Directors have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
Cash and deposits								
Loans and advances to credit institutions	13 492 160	-	-	-	-	-	-	13 492 160
Short-term investments	-	-	-	-	-	-	-	-
Other loans to credit institutions	220 062 427	-	-	-	-	-	-	220 062 427
Loans granted	**2 747**	**-**	**206 381**	**-**	**318 679**	**-**	**3 643**	**531 450**
Deposits from customers	-	-	-	-	-	-	-	-
Demand deposits	-	5 439 356	452 024	105 540	214 049	2 941	16 655 546	22 879 456
Term deposits	-	132 794 564	1 873 854	-	28 080	9 347 583	490 904	144 534 985
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	**2 820 414**	**-**	**8 202**	**-**	**16 098**	**-**	**-**	**2 844 714**
Interest and similar expense	**-**	**3 602 488**	**86 939**	**-**	**11 695**	**32 298**	**11 081**	**3 744 501**
Fees and commissions	-	-	-	-	-	-	-	-
Securities used as deposits	**-**	**77 696 623**	**2 809 515**	**-**	**1 819 475**	**39 513 655**	**3 802 937**	**125 642 205**
Participation units	**-**	**5 499 989**	**42 200**	**-**	**-**	**-**	**32 500**	**5 574 689**
Documentary credits	**-**	**3 526 756**	**-**	**-**	**-**	**-**	**31 677 064**	**35 203 820**
Bank guarantees	**-**	**13 942 329**	**-**	**-**	**-**	**-**	**-**	**13 942 329**

The balances relating to the shareholder BPI include the amounts of La Caixa Group, BPI's parent company.

The information presented in respect of the Members of BFA's Corporate Bodies includes the main balances and transactions maintained by the Bank with:
- Members of BFA's Corporate Bodies; and
- Close family members of the members of BFA's Corporate Bodies.

The information presented in respect of the Companies in which BFA's Corporate Bodies have a significant influence includes the main balances and transactions maintained by the Bank with:
- Companies in which members of BFA's Corporate Bodies have significant influence; and
- Companies in which close members of the members of BFA's Corporate Bodies have significant influence.

The information presented regarding the Related parties via Unitel includes the main balances and transactions maintained by the Bank with:
- Members of the Board of Directors of Unitel;
- Companies in which the members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Unitel investees.

28. BALANCE SHEET BY CURRENCY

As at 31 December 2023 and 31 December 2022, the balance sheets by currency have the following structure:

Amounts in thousand of Kwanzas

	2023/12/31					
	Kwanzas	United States Dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	174 592 294	202 399 538	179 099 199	-	555 764	556 646 795
Loans and advances to credit institutions	-	21 717 823	15 331 017	-	4 582 426	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	612 530 148	74 637 483	-	8 431 198	901 502 510
Financial assets at fair value through profit or loss	45 523 383	2 998 452	47 004	-	-	48 568 839
Investments at amortized cost	1 115 385 023	296 556 103	-	-	-	1 411 941 126
Loans and advances to customers	509 909 204	19 788 240	20 405 332	-	3	550 102 779
Non-current assets held for sale	180 980	-	-	-	-	180 980
Property, plant and equipment	39 221 272	-	-	-	-	39 221 272
Intangible assets	12 956 217	-	-	-	-	12 956 217
Current tax assets	192 964	-	-	-	-	192 964
Other assets	21 456 161	-	-	-	-	21 456 161
Total Assets	**2 125 321 179**	**1 155 990 304**	**289 520 035**	**-**	**13 569 391**	**3 584 400 909**
Deposits from central banks and other credit institutions	25 763 869	37 379	2 034 451	-	5 224	27 840 923
Deposits from customers and other loans	1 444 768 254	1 120 074 296	282 736 242	-	7 627 333	2 855 206 125
Financial liabilities at fair value through profit or loss	2 537 450	-	-	-	-	2 537 450
Provisions	29 180 315	25 444 470	899 861	-	-	55 524 646
Current tax liabilities	14 435 152	-	-	-	-	14 435 152
Lease liabilities	4 722 006	-	-	603 016	-	5 325 022
Other liabilities	37 837 238	7 092 957	4 729 420	-	4 425 331	54 084 946
Total Liabilities	**1 559 244 284**	**1 152 649 102**	**290 399 974**	**603 016**	**12 057 888**	**3 014 954 264**
Net Assets/(Liabilities)	**566 076 895**	**3 341 202**	**(879 939)**	**(603 016)**	**1 511 503**	**569 446 645**

Amounts in thousand of Kwanzas

	2022/12/31					
	Kwanzas	United States Dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	143 554 050	173 514 813	108 943 426	-	292 435	426 304 724
Loans and advances to credit institutions		10 910 881	11 171 963	-	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	386 648 027	42 978 508	-	4 855 489	726 047 113
Financial assets at fair value through profit or loss	105 312 841	1 454 172	27 579	-	-	106 794 592
Investments at amortized cost	751 751 521	196 616 087		-	-	948 367 608
Loans and advances to customers	393 798 917	12 036 110	11 590 537	-	-	417 425 564
Non-current assets held for sale	-	-	-	-	-	-
Property, plant and equipment	37 059 765	-	-	-	-	37 059 765
Intangible assets	8 436 007	-	-	-	-	8 436 007
Current tax assets	145 408	-	-	-	-	145 408
Other assets	14 638 195	214 727	198 077	-	-	15 050 998
Total Assets	**1 730 935 424**	**781 394 817**	**174 910 090**	**-**	**7 187 139**	**2 694 427 469**
Deposits from central banks and other credit institutions	7 559 393	2 135 674	988 101	-	3 083	10 686 251
Deposits from customers and other loans	1 090 359 574	773 365 918	172 286 005	-	3 164 109	2 039 175 606
Financial liabilities at fair value through profit or loss	545 524	-	-	-	-	545 524
Provisions	34 205 076	15 502 470	1 870 318	-	299	51 578 163
Current tax liabilities	10 989 158	-	-	-	-	10 989 158
Lease liabilities	4 236 657	-	-	-	385 953	4 622 610
Other liabilities	93 279 026	10 265 973	(94 835)	-	2 717 510	106 167 674
Total Liabilities	**1 241 174 408**	**801 270 035**	**175 049 589**	**-**	**6 270 954**	**2 223 764 986**
Net Assets/(Liabilities)	**489 761 016**	**(19 875 218)**	**(139 499)**	**-**	**916 185**	**470 662 483**

29. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risks associated with interest rate risk, among others.

BFA's risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. Accordingly, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

Main Risk Categories

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfill its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Accordingly, Market Risk encompasses interest rate risk, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practiced in the market (market liquidity risk).

Real Estate - Real estate risk is the probability of negative impacts on the Bank's income or capital level due to fluctuations in the market price of real estate assets.

Operating –Operational risk is the potential loss resulting from failures or inadequacies in internal processes, information systems, human behavior or external events.

29.1 Credit Risk

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial instruments, as a creditor. In accordance with the BFA's General Credit Regulations, the granting of credit in the Bank is based on the following fundamental principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:
- They are adequately characterized in the Technical Data Sheet, containing all the essential and accessory elements necessary for the formalization of the operation;
- Respect the specific product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as reference those that represent the greatest risk.

Currently, considering the regulations of the Banco Nacional de Angola:

- For a single customer, all its liabilities vis-à-vis the Bank, in force or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of customers, the sum of the liabilities of each customer that comprises the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following grades:

Grade A: Minimum risk
Grade B: Very low risk
Grade C: Low risk
Grade D: Moderate risk
Grade E: High risk
Grade F: Very high risk
Grade G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, and is initially classified based on the following criteria adopted by the Bank:

Level A: operations that are:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction No. 1/2015, of January 14, of the Banco Nacional de Angola), international organizations and multilateral development banks;

(iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a controlling or group relationship with the lending institution and having their head office in Angola, or a country included in group 1, multilateral development banks and international organizations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding paragraph, provided that the exposure and the deposit or certificate are denominated in the same currency;

(v) fully guaranteed by securities or bonds issued by the Angolan State, or by the Banco Nacional de Angola.

Level B and others: remaining loans.

The classification of exposures is revised whenever there are signs of impairment in late payments.

Within the scope of the regular review of loan operations, including loan operations overdue, BFA reclassifies overdue loan operations into those that are due, based on an analysis of the economic prospects of collectability, namely considering the existence of guarantees, the borrowers' or guarantors' assets and the existence of operations whose risk BFA equates to State risk, or even when the situation of delay results from the Bank's exclusive responsibility due to a one-off failure in its processes.

Association of Guarantees

When granting loans to Retail customers or small companies with a maturity of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee on property.

Loan operations are associated with guarantees considered adequate to the risk of the borrower, the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on Company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, with the exception of securitized instruments, which have portfolios of financial instruments as collateral. On the other hand, derivative instruments have associated guarantees.

The Bank's policies on collateral obtained as guarantee have not changed significantly during the reporting period, nor have there been any significant changes in the quality of the collateral held by the Bank since the previous period.

The Bank monitors collateral obtained as security for impaired loans and advances to customers as it becomes more likely that the Bank will take ownership of such collateral to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	424 888	374 646	50 242	-
Current accounts	21 478	11 998	9 480	-
Loans	2 777 112	1 876 215	900 897	3 201 055
Leasing	4 326 503	3 061 980	1 264 523	4 153 914
Overdrafts	144 524	101 998	42 526	-
	7 694 505	**5 426 837**	**2 267 668**	**7 354 969**
Corporate				
Current accounts	69 869	31 070	38 799	1 263 920
Loans	53 285 226	31 861 693	21 423 533	58 731 713
Leasing	70 210	34 537	35 673	2 591 342
Overdrafts	68 915	32 960	35 955	-
	53 494 220	**31 960 260**	**21 533 960**	**62 586 975**
Total	**61 188 725**	**37 387 097**	**23 801 628**	**69 941 944**

Amounts in thousand of Kwanzas

	2022/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	311 990	277 269	34 721	-
Current accounts	21 478	12 015	9 463	-
Loans	1 952 485	1 422 880	529 605	3 477 938
Leasing	6 429 098	4 767 268	1 661 830	8 021 015
Overdrafts	778 627	447 130	331 497	-
	9 493 678	**6 926 562**	**2 567 116**	**11 498 953**
Corporate				
Current accounts	32 301	13 076	19 225	491 099
Loans	53 252 806	33 614 835	19 637 971	39 715 347
Leasing	50 140	20 330	29 810	1 661 173
Overdrafts	123 440	48 253	75 187	-
	53 458 687	**33 696 494**	**19 762 193**	**41 867 619**
Total	**62 952 365**	**40 623 056**	**22 329 309**	**53 366 572**

Exclusions due to incidents

The Bank does not grant loans and advances to customers who have registered material incidents in the last 24 months known to BFA, nor to other companies that are part of a group with customers in that situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a credit institution, social security, AGT, court or State Inspectorate for more than 45 days;
- Irregular use of means of payment for which that person or entity is responsible;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial position.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are stricter.

Restructurings

In principle, BFA only formalizes ongoing loan restructuring operations, after assessing the customer's ability to comply with the new plan, if the following criteria are met:

- New guarantees (more liquid and/or more valuable) are presented for the new operation;
- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non-performing).

Exceptionally, and if none of the above assumptions are met, BFA admits formalizing the formal restructuring of Retail customers' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the installment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulation and comply with the regulator's specific regulations in this matter.

The restructuring operations are classified, for the purpose of increasing risk, and periodically monitored as to compliance with the established plan and are only unclassified when certain conditions of regularity in complying with the plan are met.

The operations subject to renegotiation are maintained at least at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level only occurs if there is regular and significant repayment of the operation, payment of interest due and on arrears, or depending on the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are monitored by the commercial teams, as a rule until it is 60 days overdue, with monitoring being done by a specialized team. After 60 days of default, the management of the relationship is transferred to this specialized team, which has the mission of collaborating in loan recovery actions, being able to take over negotiations and restructuring proposals. This team is responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective outcomes of this model were calculated with reference to January 1, 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

As at 31 December 2023 and 31 December 2022, BFA's securities portfolio complies with the principle of the high credit quality of its issuers, consisting mainly of securities issued by the Angolan State and by the Banco Nacional de Angola.

As at 31 December 2023 and 31 December 2022, the maximum exposure to credit risk presents the following detail:

Amounts in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
On-balance sheet						
Cash and deposits at central banks (Note 4)	556 646 795	-	556 646 795	426 304 724	-	426 304 724
Loans and advances to credit instititutions (Note 5)	41 635 446	(4 180)	41 631 266	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions (Note 6)	901 877 634	(375 124)	901 502 510	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss (Note 7)	48 568 839	-	48 568 839	106 794 592	-	106 794 592
Investments at amortized cost (Note 8)	1 095 861 671	(12 787 955)	1 083 073 716	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers (Note 9)	929 499 081	(50 528 892)	878 970 189	471 417 049	(53 991 485)	417 425 564
Other assets (Note 13)	21 456 161		21 456 161	15 050 999		15 050 999
	3 595 545 627	**(63 696 151)**	**3 531 849 476**	**2 728 640 370**	**(64 527 711)**	**2 664 112 659**
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn facilities (Note 9)	156 220 271	(479 791)	155 740 480	118 142 583	(661 325)	117 481 258
Total	**3 751 765 898**	**(64 175 942)**	**3 687 589 956**	**2 846 782 953**	**(65 189 036)**	**2 781 593 917**

For financial assets recognized in the balance sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure from guarantees is the maximum amount that the Bank would have to pay should the guarantees be forfeited and of loan and other credit-related commitments of an irrevocable nature is the total amount of commitments made.

As at 31 December 2023 and 31 December 2022, the credit quality of financial assets is as follows:

Amounts in thousand of Kwanzas

			2023/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	529 748 218	-	529 748 218
	Unrated	N/ D	26 898 577	-	26 898 577
			556 646 795	-	556 646 795
Loans and advances to credit institutions	External rating	AAA to AA-	5 102 103	-	5 102 103
		A+ to A-	9 241 993	(207)	9 241 786
		BBB+ to BBB-	19 618 488	(1 140)	19 617 348
		BB+ to BB-	7 619 159	(2 833)	7 616 326
		B+ to B-	53 703	-	53 703
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			41 635 446	(4 180)	41 631 266
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	70 900 041	-	70 900 041
		A+ to A-	148 343 459	(34 347)	148 309 112
		BBB+ to BBB-	466 669 374	(292 484)	466 376 890
		BB+ to BB-	10 061 079	(48 293)	10 012 786
		B+ to B-	205 903 681	-	205 903 681
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			901 877 634	(375 124)	901 502 510
Financial assets at fair value through profit or loss	External rating	B+ to B-	41 091 600	-	41 091 600
	Unrated	N/ D	7 477 239	-	7 477 239
			48 568 839	-	48 568 839

Amounts in thousand of Kwanzas

			2023/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Investments at amortized cost	External rating	AAA to AA-	8 600 355	-	8 600 355
		A+ to A-	8 231 473	-	8 231 473
		BBB+ to BBB-	-	-	-
		BB+ to BB-	-	-	-
		B+ to B-	1 408 158 069	(13 048 771)	1 395 109 298
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			1 424 989 897	(13 048 771)	1 411 941 126
Loans and advances to customers - On-balance sheet	Internal rating	Grade A	262 382 073	(3 204 340)	259 177 733
		Grade B	306 035 368	(29 115 051)	276 920 317
		Grade C	2 967 047	(217 310)	2 749 737
		Grade D	1 060 708	(306 215)	754 493
		Grade E	1 897 163	(634 721)	1 262 442
		Grade F	348 143	(139 454)	208 689
		Grade G	25 680 353	(16 650 985)	9 029 368
			600 370 855	(50 268 076)	550 102 779
Loans and advances to customers - Off-balance sheet	Internal rating	Grade A	11 546 292	(6 046)	11 540 246
		Grade B	144 565 302	(467 896)	144 097 406
		Grade C	42 281	(258)	42 023
		Grade D	15 927	(119)	15 808
		Grade E	14 655	(1 299)	13 356
		Grade F	4 405	(414)	3 991
		Grade G	31 409	(3 759)	27 650
			156 220 271	(479 791)	155 740 480
		Total	**3 730 309 737**	**(64 175 942)**	**3 666 133 795**

Amounts in thousand of Kwanzas

			2022/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ a B-	400 761 518	-	400 761 518
	Unrated	N/ D	25 543 206	-	25 543 206
			426 304 724	-	426 304 724
Loans and advances to credit institutions	External rating	AAA a AA-	2 096 396	(1)	2 096 395
		A+ a A-	386 212	(11)	386 201
		BBB+ a BBB-	17 230 519	(598)	17 229 921
		BB+ a BB-	3 609 284	(1 191)	3 608 093
		B+ a B-	803 092	(1 643)	801 449
		CCC+ a CCC	-	-	-
		CCC a CC-	-	-	-
	Unrated	N/ D	-	-	-
			24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	External rating	AAA a AA-	42 874 010	(10 919)	42 863 091
		A+ a A-	61 535 271	(18 062)	61 517 209
		BBB+ a BBB-	325 300 299	(252 100)	325 048 199
		BB+ a BB-	10 074 979	(39 883)	10 035 096
		B+ a B-	286 583 518	-	286 583 518
		CCC+ a CCC	-	-	-
		CCC a CC-	-	-	-
	Unrated	N/ D	-	-	-
			726 368 077	(320 964)	726 047 113

Amounts in thousand of Kwanzas

			2022/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Financial assets at fair value through profit or loss	External rating	B+ to B-	103 376 127	-	103 376 127
	Sem rating	N/ D	3 418 465	-	3 418 465
			106 794 592	-	106 794 592
Investments at amortized cost	External rating	B+ to B-	958 579 426	(10 211 818)	948 367 608
		N/ D	-	-	-
			958 579 426	(10 211 818)	948 367 608
Loans and advances to customers - On-balance sheet	Internal rating	Grade A	181 226 164	(2 388 272)	178 837 892
		Grade B	255 609 769	(29 731 982)	225 877 787
		Grade C	1 136 548	(250 083)	886 465
		Grade D	431 978	(116 796)	315 182
		Grade E	1 323 312	(921 036)	402 276
		Grade F	1 208 991	(633 273)	575 718
		Grade G	30 480 287	(19 950 043)	10 530 244
			471 417 049	(53 991 485)	417 425 564
Loans and advances to customers - Off-balance sheet	Internal rating	Grade A	5 499 747	(12 394)	5 487 353
		Grade B	112 560 114	(642 130)	111 917 984
		Grade C	18 960	(486)	18 474
		Grade D	12 022	(77)	11 945
		Grade E	14 141	(1 536)	12 605
		Grade F	5 038	(525)	4 513
		Grade G	32 561	(4 177)	28 384
			118 142 583	(661 325)	117 481 258
		Total	**2 831 731 954**	**(65 189 036)**	**2 766 542 918**

As at 31 December 2023 and 31 December 2022, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Assets						
Other loans and advances to central banks and credit institutions	52 462 806	(692 128)	51 770 678	29 694 489	(245 495)	29 448 994
Investments at amortized cost	187 822 689	(3 240 771)	184 581 918	183 006 856	(829 040)	182 177 816
Loans and advances to customers	78 887 014	(4 823 431)	74 063 583	61 337 318	(4 882 845)	56 454 473
	319 172 509	(8 756 330)	310 416 179	274 038 663	(5 957 380)	268 081 283
Liabilities						
Deposits from customers and other loans	-	(63 597 036)	(63 597 036)	-	(50 167 798)	(50 167 798)
Deposits from central banks and other credit institutions	-	(2 220 981)	(2 220 981)	-	(603 132)	(603 132)
	-	(65 818 017)	(65 818 017)	-	(50 770 930)	(50 770 930)
Off-balance sheet						
Guarantees provided, documentary credits and undrawn limits	3 549 302	(697 869)	2 851 433	2 210 718	(375 390)	1 977 667
	3 549 302	**(697 869)**	**2 851 433**	**2 210 718**	**(375 390)**	**1 977 667**
	322 721 811	**(75 272 216)**	**247 449 595**	**276 016 330**	**(56 728 310)**	**219 288 020**

As at 31 December 2023 and 31 December 2022, Net gains/(losses) on financial instruments are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31					
	Against profit or loss			Against profit or loss		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	5 386 748	(5 744 922)	(358 174)	-	-	-
Investments at amortized cost	8 508 936	-	8 508 936	-	-	-
	5 386 748	**(5 744 922)**	**(358 174)**	**-**	**-**	**-**
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 367 791)	(1 367 791)	-	-	-
	-	**(1 367 791)**	**(1 367 791)**	**-**	**-**	**-**

Amounts in thousand of Kwanzas

	2022/12/31					
	Against profit or loss			Against profit or loss		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	14 240 382	(903 244)	13 337 138	-	-	-
Investments at amortized cost	3 735 963	-	3 735 963	-	-	-
	14 240 382	**(903 244)**	**13 337 138**	**-**	**-**	**-**
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 367 791)	(1 367 791)	-	-	-
	-	**(1 367 791)**	**(1 367 791)**	**-**	**-**	**-**

As at 31 December 2023 and 31 December 2022, the geographical concentration of credit risk exposure presents the following detail:

Amounts in thousand of Kwanzas

	2023/12/31				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and deposits at central banks	556 646 795	-	-	-	556 646 795
Loans and advances to credit institutions	-	9 221 684	32 072 120	337 462	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	61 993 582	633 605 247	-	901 502 510
Financial assets at fair value through profit or loss	42 807 663	-	-	3 045 456	48 568 839
Investments at amortized cost	1 066 241 888	-	8 231 473	8 600 355	1 083 073 716
Loans and advances to customers	878 970 189	-	-	-	878 970 189
Total	**2 750 570 216**	**71 215 266**	**673 908 840**	**11 983 273**	**3 510 393 315**

Amounts in thousand of Kwanzas

	2022/12/31				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions	-	5 023 697	16 775 284	2 323 078	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	52 258 604	381 215 436	1 007 984	726 047 113
Financial assets at fair value through profit or loss	105 312 841	-	-	1 481 751	106 794 592
Investments at amortized cost	948 367 608	-	-	-	948 367 608
Loans and advances to customers	417 425 564	-	-	-	417 425 564
Total	**2 188 975 826**	**57 282 301**	**397 990 720**	**4 812 813**	**2 649 061 660**

As at 31 December 2023 and 31 December 2022, the sectoral concentration of loans and advances to customers is as follows:

Amounts in thousand of Kwanzas

	2023/12/31						
	Loans and advances to customers					Impairment	
	Falling due	Overdue	Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Value	Total impairment / exposure
Corporate							
Real Estate, rental and services rendered by Companies	553 699	174	918 320	1 472 193	0%	10 056	0%
Other collective, social and personal service activities	999 776	17 182	551 080	1 568 038	0%	54 477	0%
Central Government	198 988 981	60	-	198 989 041	26%	2 424 675	5%
Agriculture, livestock, game and forestry	69 938 541	617 370	4 733 279	75 289 190	10%	22 843 254	45%
Accommodation and catering	2 274 933	13 482	100 000	2 388 415	0%	42 946	0%
Financial activities	10 227	-	3 014 955	3 025 182	0%	405	0%
Wholesale and retail trade	65 452 792	349 449	21 091 809	86 894 050	11%	1 095 435	2%
Construction	71 009 413	627 471	10 277 093	81 913 977	11%	4 011 386	8%
Education	1 037 582	355 718	7 000	1 400 300	0%	212 891	0%
Extractive industries	8 880 111	61	21 000	8 901 172	1%	189 492	0%
Manufacturing industries	15 404 608	253 647	12 930 343	28 588 598	4%	5 023 702	10%
Other service companies	45 478 036	5 138 586	62 552 789	113 169 411	15%	7 768 935	15%
Production and distribution of energy, gas and water	348 728	81 214	31 000	460 942	0%	46 655	0%
Health and social services	233 302	60 969	320 000	614 271	0%	111 802	0%
Transport, storage and communication	476 418	10 403	29 876 054	30 362 875	4%	44 929	0%
	481 087 147	**7 525 786**	**146 424 722**	**635 037 655**		**43 881 040**	
Retail							
Consumer	82 523 777	3 085 764	-	85 609 541	11%	3 078 256	6%
Mortgages	22 119 018	591 888	-	22 710 906	3%	3 103 917	6%
Other purposes	2 703 174	734 301	9 795 549	13 233 024	2%	684 654	1%
	107 345 969	**4 411 953**	**9 795 549**	**121 553 471**		**6 866 827**	
Total	**588 433 116**	**11 937 739**	**156 220 271**	**756 591 126**		**50 747 867**	

Amounts in thousand of Kwanzas

	2022/12/31						
	Loans and advances to customers					Impairment	
	Falling due	Overdue	Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Value	Total impairment / exposure
Corporate							
Real Estate, rental and services rendered by Companies	251 721	977	574 738	827 436	0%	7 349	0%
Other collective, social and personal service activities	3 624 470	63 588	283 009	3 971 067	1%	205 597	0%
Central Government	118 206 911	69	-	118 206 980	20%	1 330 560	2%
Agriculture, livestock, game and forestry	61 116 247	665 125	713 749	62 495 121	11%	23 420 108	43%
Accommodation and catering	2 235 891	20 493	300 000	2 556 384	0%	173 883	0%
Financial activities	15 530	0	5 254 730	5 270 260	1%	1 594	0%
Wholesale and retail trade	56 131 084	435 797	13 051 969	69 618 850	12%	1 811 519	3%
Construction	57 254 297	680 468	28 670 984	86 605 749	15%	5 415 756	10%
Education	87 722	449 117	7 000	543 839	0%	235 172	0%
Extractive industries	105 024	1 884 933	8 000	1 997 957	0%	1 890 989	3%
Manufacturing industries	18 417 533	95 709	12 022 282	30 535 524	5%	3 130 042	6%
Other service companies	42 044 870	5 218 929	27 521 048	74 784 847	13%	8 475 258	16%
Production and distribution of energy, gas and water	498 835	51 817	21 000	571 652	0%	51 919	0%
Health and social services	196 226	5 097	284 687	486 010	0%	58 151	0%
Transport, storage and communication	1 066 145	37 990	20 618 970	21 723 105	4%	61 697	0%
	361 252 506	**9 610 109**	**109 332 166**	**480 194 781**		**46 269 594**	
Retail	72 581 952	2 650 975	8 920 239	84 153 166	14%	3 044 417	6%
Consumer	22 301 806	1 436 749	-	23 738 555	4%	4 874 797	9%
Mortgages	744 178	838 774	150 130	1 733 082	0%	463 997	1%
Other purposes	95 627 936	4 926 498	9 070 369	109 624 803		8 383 211	
	456 880 442	**14 536 607**	**118 402 535**	**589 819 584**		**54 652 805**	
Total	**456 880 442**	**14 536 607**	**118 402 535**	**589 819 584**		**54 652 805**	

As at 31 December 2023 and 31 December 2022, the exposure to credit risk by class of financial assets, rating level and stage, presents the following detail:

Amounts in thousand of Kwanzas

	2023/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash and deposits at central banks:				
B+ to B-	529 748 218	-	-	529 748 218
N/ D	26 898 577	-	-	26 898 577
	556 646 795	**-**	**-**	**556 646 795**
Loans and advances to credit institutions:				
AAA to AA-	5 102 103	-	-	5 102 103
A+ to A-	9 241 993	-	-	9 241 993
BBB+ to BBB-	19 618 488	-	-	19 618 488
BB+ to BB-	7 619 159	-	-	7 619 159
B+ to B-	53 703	-	-	53 703
N/ D	-	-	-	-
Other loans and advances to central banks and credit institutions:	**41 635 446**	**-**	**-**	**41 635 446**
AAA to AA-	70 900 041	-	-	70 900 041
A+ to A-	148 343 459	-	-	148 343 459
BBB+ to BBB-	466 669 374	-	-	466 669 374
BB+ to BB-	10 061 079	-	-	10 061 079
B+ to B-	205 903 681	-	-	205 903 681
	901 877 634	**-**	**-**	**901 877 634**
Investments at amortized cost:				
AAA to AA-	8 600 355	-	-	8 600 355
A+ to A-	8 231 473	-	-	8 231 473
B+ to B-	1 079 029 843	-	-	1 079 029 843
	1 095 861 671	**-**	**-**	**1 095 861 671**

Amounts in thousand of Kwanzas

	2023/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Loans and advances to customers - On-balance sheet:				
Grade A	591 510 300	-	-	591 510 300
Grade B	239 022 811	29 136 314	37 876 243	306 035 368
Grade C	2 369 772	481 583	115 692	2 967 047
Grade D	16 206	250 019	794 483	1 060 708
Grade E	10 572	110 700	1 775 891	1 897 163
Grade F	141	34 446	313 556	348 143
Grade G	7 092	5 360 401	20 312 860	25 680 353
	832 936 894	**35 373 463**	**61 188 725**	**929 499 082**
Loans and advances to customers - Off-balance sheet:				
Grade A	11 534 966	6 951	4 375	11 546 292
Grade B	144 021 456	477 588	66 258	144 565 302
Grade C	50	40 864	1 367	42 281
Grade D	-	14 969	958	15 927
Grade E	-	963	13 692	14 655
Grade F	109	-	4 296	4 405
Grade G	1 037	3 936	26 436	31 409
	155 557 618	545 271	117 382	156 220 271
Total gross book value	**3 584 516 057**	**35 918 734**	**61 306 107**	**3 681 740 899**
Accumulated impairment / Provision	20 063 686	6 711 374	37 400 882	64 175 942
Net book value	**3 604 579 744**	**42 630 108**	**98 706 989**	**3 745 916 841**

Amounts in thousand of Kwanzas

	2022/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash and deposits at central banks:				
B+ to B-	400 761 518	-	-	400 761 518
N/ D	25 543 206	-	-	25 543 206
	426 304 724	**-**	**-**	**426 304 724**
Loans and advances to credit institutions:				
AAA to AA-	2 096 396	-	-	2 096 396
A+ to A-	386 212	-	-	386 212
BBB+ to BBB-	17 230 519	-	-	17 230 519
BB+ to BB-	3 609 284	-	-	3 609 284
B+ to B-	803 092	-	-	803 092
	24 125 503	**-**	**-**	**24 125 503**
Other loans and advances to central banks and credit institutions:				
AAA to AA-	42 874 010	-	-	42 874 010
A+ to A-	61 535 271	-	-	61 535 271
BBB+ to BBB-	325 300 299	-	-	325 300 299
BB+ to BB-	10 074 979	-	-	10 074 979
B+ to B-	286 583 518	-	-	286 583 518
	726 368 077	**-**	**-**	**726 368 077**
Investments at amortized cost:				
B+ to B-	958 579 426	-	-	958 579 426
N/ D	-	-	-	-
	958 579 426	**-**	**-**	**958 579 426**

Amounts in thousand of Kwanzas

	2022/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Loans and advances to customers - On-balance sheet:				
Grade A	167 909 710	13 316 422	32	181 226 164
Grade B	197 125 399	20 736 776	37 747 594	255 609 769
Grade C	611 022	455 393	70 133	1 136 548
Grade D	8 616	207 996	215 366	431 978
Grade E	1 318	73 567	1 248 427	1 323 312
Grade F	-	525	1 208 466	1 208 991
Grade G	1 385 180	6 632 761	22 462 346	30 480 287
	367 041 245	41 423 440	62 952 364	471 417 049
Loans and advances to customers - Off-balance sheet:				
Grade A	5 486 972	5 325	7 450	5 499 747
Grade B	111 833 244	516 749	210 121	112 560 114
Grade C	1 272	15 723	1 965	18 960
Grade D	550	11 060	412	12 022
Grade E	500	538	13 103	14 141
Grade F	0	652	4 386	5 038
Grade G	1 906	4 371	26 284	32 561
	117 324 444	554 418	263 721	118 142 583
Total gross book value	**2 619 743 419**	**41 977 858**	**63 216 085**	**2 724 937 362**
Accumulated impairment / Provision	17 547 486	6 972 808	40 668 742	65 189 036
Net book value	**2 637 290 905**	**48 950 666**	**103 884 827**	**2 790 126 398**

29.2 Liquidity risk

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk can be embodied, for example, in the inability to quickly sell a financial instrument for an amount representing its fair value, due to its high volume, in relation to the volume normally transacted, or due to some market discontinuation.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective follow-up and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 31 December 2023 and 31 December 2022, the total contractual cash flows are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	158 293 271	-	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	-	323 289 697	245 373 367	181 829 870	151 384 700	-	-	-	-	901 877 634
Financial assets at fair value through profit or loss	-	-	1 975 388	187 573	1 105 664	17 241 720	20 316 371	264 884	7 477 239	48 568 839
Investments at amortized cost	-	51 717 735	43 131 142	27 998 217	151 943 416	359 257 519	276 733 123	185 080 519	-	1 095 861 671
Loans and advances to customers	-	110 190 104	253 784 516	57 578 003	13 986 643	83 758 395	132 056 173	266 207 509	11 937 739	929 499 082
Total Assets	**199 928 717**	**485 197 536**	**544 264 413**	**267 593 663**	**318 420 423**	**858 611 158**	**429 105 667**	**451 552 912**	**19 414 978**	**3 574 089 467**
Liabilities										
Deposits from central banks and other credit institutions	5 317 963			22 522 961						27 840 924
Deposits from customers and other loans	1 200 521 375	319 962 006	566 222 450	458 128 242	293 466 801	16 905 251	-	-	-	2 855 206 125
Financial liabilities at fair value through profit or loss	-	2 537 450	-	-	-	-	-	-	-	2 537 450
Total Liabilities	**1 205 839 338**	**322 499 456**	**566 222 450**	**480 651 203**	**293 466 801**	**16 905 251**	**-**	**-**	**-**	**2 885 584 499**
Liquidity Gap	**(1 005 910 621)**	**162 698 080**	**(21 958 037)**	**(213 057 540)**	**24 953 622**	**841 705 907**	**429 105 667**	**451 552 912**	**19 414 978**	**688 504 968**
Accumulated Liquidity Gap	**(1 005 910 621)**	**(843 212 541)**	**(865 170 578)**	**(1 078 228 118)**	**(1 053 274 496)**	**(211 568 589)**	**217 537 078**	**669 089 990**	**688 504 968**	**1 377 009 936**

Amounts in thousand of Kwanzas

	2022/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	184 473 574	-	-	-	-	241 831 150	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	429 090 617	195 377 047	73 931 125	27 969 288	-	-	-	-	726 368 077
Financial assets at fair value through profit or loss	-	-	556 994	505 362	60 558	57 056 317	30 155 656	15 041 240	3 418 465	106 794 592
Investments at amortized cost	-	35 818 674	52 596 684	92 712 198	232 205 592	229 220 304	128 625 161	187 400 813	-	958 579 426
Loans and advances to customers	-	15 133 424	8 857 929	18 683 396	40 004 265	85 911 001	129 507 091	158 783 337	14 536 606	471 417 049
Total Assets	**208 599 077**	**480 042 715**	**257 388 654**	**185 832 081**	**300 239 703**	**614 018 772**	**288 287 908**	**361 225 390**	**17 955 071**	**2 713 589 371**
Liabilities										
Deposits from central banks and other credit institutions	10 686 251	-	-	-	-	-				10 686 251
Deposits from customers and other loans	890 608 623	379 408 934	325 774 230	234 343 736	198 495 488	10 544 595	-	-	-	2 039 175 606
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
Total Liabilities	**901 294 874**	**379 954 458**	**325 774 230**	**234 343 736**	**198 495 488**	**10 544 595**	**-**	**-**	**-**	**2 050 407 381**
Liquidity Gap	**(692 695 797)**	**100 088 257**	**(68 385 576)**	**(48 511 655)**	**101 744 215**	**603 474 177**	**288 287 908**	**361 225 390**	**17 955 071**	**663 181 990**
Accumulated Liquidity Gap	**(692 695 797)**	**(592 607 540)**	**(660 993 116)**	**(709 504 771)**	**(607 760 556)**	**(4 286 379)**	**284 001 529**	**645 226 919**	**663 181 990**	**1 326 363 980**

As at 31 December 2023 and 31 December 2022, the contractual cash flows related to capital are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	158 293 271	-	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	-	322 719 916	244 557 394	179 455 475	144 545 192	-	-	-	-	891 277 977
Financial assets at fair value through profit or loss	-	-	1 883 985	181 767	1 086 513	16 443 309	19 087 958	216 245	7 477 239	46 377 016
Investments at amortized cost		51 717 735	42 917 148	27 831 267	150 039 627	348 551 823	262 288 111	179 741 988	-	1 063 087 699
Loans and advances to customers	-	109 278 832	252 043 758	57 140 021	13 877 870	83 163 591	130 386 060	256 270 094	11 834 318	913 994 544
Total Assets	**199 928 717**	**483 716 483**	**541 402 285**	**264 608 530**	**309 549 202**	**846 512 247**	**411 762 129**	**436 228 327**	**19 311 557**	**3 513 019 477**
Liabilities										
Deposits from central banks and other credit institutions	5 317 963	-		22 442 173	-	-	-	-	-	27 760 136
Deposits from customers and other loans	1 200 515 381	317 036 161	559 724 535	452 986 761	291 248 837	16 272 925	-	-	-	2 837 784 600
Financial liabilities at fair value through profit or loss	-	2 537 450	-	-	-	-	-	-	-	2 537 450
Total Liabilities	**1 205 833 344**	**319 573 611**	**559 724 535**	**475 428 934**	**291 248 837**	**16 272 925**	**-**	**-**	**-**	**2 868 082 186**
Liquidity Gap	**(1 005 904 627)**	**164 142 872**	**(18 322 250)**	**(210 820 404)**	**18 300 365**	**830 239 322**	**411 762 129**	**436 228 327**	**19 311 557**	**644 937 291**
Accumulated Liquidity Gap	**(1 005 904 627)**	**(841 761 755)**	**(860 084 005)**	**(1 070 904 409)**	**(1 052 604 044)**	**(222 364 723)**	**189 397 407**	**625 625 734**	**644 937 291**	**1 289 874 582**

Amounts in thousand of Kwanzas

	2022/12/31									
	Maturity dates									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	184 473 574	-	-	-	-	241 831 150	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	426 636 810	191 754 001	73 547 143	27 805 125	-	-	-	-	719 743 079
Financial assets at fair value through profit or loss	-	-	527 897	491 885	59 486	54 883 748	28 748 220	14 333 117	3 418 465	102 462 818
Investments at amortized cost		35 818 674	52 360 075	91 349 641	226 047 082	220 815 734	124 344 163	178 495 353	-	929 230 722
Loans and advances to customers	-	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
Total Assets	**208 599 077**	**477 489 229**	**253 172 482**	**183 612 081**	**293 226 513**	**602 920 755**	**281 189 961**	**349 409 635**	**17 955 071**	**2 667 574 808**
Liabilities										
Deposits from central banks and other credit institutions	10 686 251	-	-	-	-	-	-	-	-	10 686 251
Deposits from customers and other loans	890 579 938	375 045 162	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 024 877 330
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
Total Liabilities	**901 266 189**	**375 590 686**	**321 284 774**	**231 068 761**	**196 704 376**	**10 194 319**	**-**	**-**	**-**	**2 036 109 105**
Liquidity Gap	**(692 667 112)**	**101 898 543**	**(68 112 292)**	**(47 456 680)**	**96 522 137**	**592 726 346**	**281 189 961**	**349 409 635**	**17 955 071**	**631 465 699**
Accumulated Gap Liquidity	**(692 667 112)**	**(590 768 569)**	**(658 880 861)**	**(706 337 541)**	**(609 815 404)**	**(17 088 968)**	**264 100 993**	**613 510 628**	**631 465 699**	**1 262 931 398**

29.3 Market risk

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument, due to changes in market prices. Market risk encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 31 December 2023 and 31 December 2022, financial instruments by exposure to interest rate risk were as follows:

Amounts in thousand of Kwanzas

	2023/12/31				
	Exposure to		Not subject to interest risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**3 503 007 151**	**2 535 086**	**6 733 492**	**-**	**3 513 019 476**
Cash and deposits at central banks	556 646 795	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	891 277 977	-	-	-	891 277 977
Financial assets at fair value through profit or loss	38 899 777	-	6 733 492	743 747	46 377 016
Investments at amortized cost	1 390 089 501	-	-	-	1 390 089 501
Loans and advances to customers	584 457 655	2 535 086	-	-	586 992 741
Liabilities	**2 862 242 501**	**-**	**3 302 235**	**2 537 450**	**2 868 082 186**
Deposits from central banks and other credit institutions	24 457 901	-	3 302 235	-	27 760 136
Deposits from customers and other loans	2 837 784 600	-	-	-	2 837 784 600
Financial liabilities at fair value through profit or loss	-	-		2 537 450	2 537 450
Total	**6 365 249 652**	**2 535 086**	**10 035 727**	**3 281 197**	**6 381 101 662**

Amounts in thousand of Kwanzas

	2022/12/31				
	Exposure to		Not subject to interest risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2 535 201 979**	**2 304 621**	**3 046 447**	**-**	**2 540 925 065**
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	719 743 079	-	-	-	719 743 079
Financial assets at fair value through profit or loss	99 044 353	-	3 046 447	372 018	102 462 818
Investments at amortized cost	802 580 983	-	-	-	802 580 983
Loans and advances to customers	463 403 337	2 304 621			465 707 958
Liabilities	**2 027 978 532**	**-**	**595 440**	**275 246**	**2 028 849 218**
Deposits from central banks and other credit institutions	3 101 202	-	595 440	-	3 696 642
Deposits from customers and other loans	2 024 877 330	-	-	-	2 024 877 330
Financial liabilities at fair value through profit or loss	-	-		275 246	275 246
Total	**4 563 180 511**	**2 304 621**	**3 641 887**	**647 264**	**4 569 774 283**

As at 31 December 2023 and 31 December 2022, financial instruments with exposure to interest rate risk by maturity date or prefixing date are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31								
	Refixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**683 645 199**	**541 402 285**	**264 608 530**	**309 549 202**	**846 512 247**	**411 762 129**	**436 228 327**	**19 311 557**	**3 513 019 476**
Cash and deposits at central banks	158 293 271	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	322 719 916	244 557 394	179 455 475	144 545 192	-	-	-	-	891 277 977
Financial assets at fair value through profit or loss	-	1 883 985	181 767	1 086 513	16 443 309	19 087 958	216 245	7 477 239	46 377 016
Investments at amortized cost	129 217 972	292 418 713	27 831 267	150 039 627	348 551 823	262 288 111	179 741 988	-	1 390 089 501
Loans and advances to customers	31 778 594	2 542 193	57 140 021	13 877 870	83 163 591	130 386 060	256 270 094	11 834 318	586 992 741
Liabilities	**1 522 869 505**	**559 724 135**	**475 429 334**	**291 248 837**	**16 272 925**	**-**	**-**	**-**	**2 865 544 736**
Deposits from central banks and other credit institutions	5 317 963	-	22 442 173	-	-	-	-	-	27 760 136
Deposits from customers and other loans	1 517 551 542	559 724 135	452 987 161	291 248 837	16 272 925	-	-	-	2 837 784 600

Amounts in thousand of Kwanzas

	2022/12/31								
	Refixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**684 935 776**	**248 967 834**	**148 079 357**	**219 755 391**	**594 880 336**	**287 774 062**	**336 683 135**	**17 955 071**	**2 539 030 962**
Cash and deposits at central banks	184 473 574				241 831 150				426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-		-	-		24 125 503
Other loans and advances to central banks and credit institutions	426 636 810	191 754 001	73 547 143	27 805 125	-	-	-		719 743 079
Financial assets at fair value through profit or loss		527 897	491 885	59 486	52 989 645	28 748 220	14 333 117	3 418 465	100 568 715
Investments at amortized cost	34 666 144	48 155 427	55 816 917	152 575 960	214 669 418	130 928 264	165 768 853	-	802 580 983
Loans and advances to customers	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
Liabilities	**1 277 449 634**	**321 284 774**	**231 068 761**	**196 704 376**	**10 194 319**	**-**	**-**	**-**	**2 036 701 864**
Deposits from central banks and other credit institutions	10 686 251	-	-	-	-	-	-	-	10 686 251
Deposits from customers and other loans	1 266 763 383	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 026 015 613

As at 31 December 2023 and 31 December 2022, the average interest rates for the main financial assets and liabilities are as follows:

Amounts in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Average balance of the period	Interest for the period	Average interest rate	Average balance of the period	Interest for the period	Average interest rate
Investments						
Financial assets at fair value through profit or loss	70 156 310	8 479 192	12%	95 842 385	13 057 126	14%
Loans and advances to customers	529 204 895	76 332 556	14%	438 874 075	58 819 289	13%
Investments at amortized cost	1 004 439 585	177 256 751	18%	1 049 919 111	166 588 724	16%
Other loans and advances to central banks and credit institutions	808 823 027	51 752 748	6%	641 523 812	29 468 412	5%
	2 412 623 817	**313 821 247**	**13%**	**2 226 159 383**	**267 933 551**	**12%**
Deposits						
Deposits from customers	2 013 890 160	63 597 036	3%	2 022 802 350	50 157 226	2%
Interbank deposits	2 558 465	2 220 981	87%	1 564 741	603 132	39%
Other deposits	4 973 816	685 996	14%	5 404 236	729 019	13%
	2 021 422 441	**66 504 013**	**3,29%**	**2 029 771 327**	**51 489 377**	**3%**
Net interest income		**247 317 234**			**216 444 174**	

As at 31 December 2023 and 31 December 2022, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

Amounts in thousand of Kwanzas

	2023/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(178 784 374)	(173 078 901)	(167 386 149)	167 386 149	173 078 901	178 784 374
Interest and similar expense	(48 492 915)	(43 490 125)	(38 499 547)	38 499 547	43 490 125	48 492 915
Total	**(227 277 289)**	**(216 569 026)**	**(205 885 696)**	**205 885 696**	**216 569 026**	**227 277 289**

Amounts in thousand of Kwanzas

	2022/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(33 392 391)	(22 261 594)	(11 130 797)	11 130 797	22 261 594	33 392 391
Interest and similar expense	(30 446 570)	(20 297 713)	(10 148 857)	10 148 857	20 297 713	30 446 570
Total	**(63 838 961)**	**(42 559 307)**	**(21 279 654)**	**21 279 654**	**42 559 307**	**63 838 961**

Exchange rate risk

Exchange rate risk consists of the fluctuation of the fair value or future cash flows of a financial instrument due to changes in exchange rates.

The securities portfolio of the Bank is divided between securities denominated in national currency and in foreign currency, taking into consideration the overall structure of its balance sheet, in order to avoid incurring, in this manner, exchange rate risk.

As at 31 December 2023 and 31 December 2022, financial instruments by currency are detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31				
	Kwanzas	United States Dollar	Euro	Other currencies	Total
Assets					
Cash and deposits at central banks	174 592 294	202 399 538	179 099 199	555 764	556 646 795
Loans and advances to credit institutions	-	21 717 823	15 331 017	4 582 426	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	612 530 148	74 637 483	8 431 198	901 502 510
Financial assets at fair value through profit or loss	45 523 383	2 998 452	47 004	-	48 568 839
Investments at amortized cost	1 115 385 023	296 556 103	-	-	1 411 941 126
Loans and advances to customers	509 909 204	19 788 240	20 405 332	3	550 102 779
	2 051 313 585	**1 155 990 304**	**289 520 035**	**13 569 391**	**3 510 393 315**
Liabilities					
Deposits from central banks and other credit institutions	25 763 869	37 379	2 034 451	5 224	27 840 923
Deposits from customers and other loans	1 444 768 254	1 120 074 296	282 736 242	7 627 333	2 855 206 125
Financial liabilities at fair value through profit or loss	2 537 450	-	-	-	2 537 450
	1 473 069 573	**1 120 111 675**	**284 770 693**	**7 632 557**	**2 885 584 498**
	578 244 012	**35 878 629**	**4 749 342**	**5 936 834**	**624 808 817**

Amounts in thousand of Kwanzas

	2022/12/31				
	Kwanzas	United States Dollar	Euro	Other currencies	Total
Assets					
Cash and deposits at central banks	143 554 051	173 514 813	108 943 426	292 434	426 304 724
Loans and advances to credit institutions	-	10 910 881	11 171 963	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	386 648 027	42 978 508	4 855 489	726 047 113
Financial assets at fair value through profit or loss	105 312 841	1 454 172	27 579	-	106 794 592
Investments at amortized cost	751 882 171	196 485 437	-	-	948 367 608
Loans and advances to customers	393 798 917	12 036 110	11 590 537	-	417 425 564
	1 686 113 069	**781 049 440**	**174 712 013**	**7 187 138**	**2 649 061 660**
Liabilities					
Deposits from central banks and other credit institutions	7 559 393	2 135 674	988 101	3 083	10 686 251
Deposits from customers and other loans	1 090 359 574	773 365 918	172 286 005	3 164 109	2 039 175 606
Financial liabilities at fair value through profit or loss	545 524	-	-	-	545 524
	1 098 464 491	**775 501 592**	**173 274 106**	**3 167 192**	**2 050 407 381**
	587 648 578	**5 547 848**	**1 437 907**	**4 019 946**	**598 654 279**

As at 31 December 2023 and 31 December 2022, the sensitivity analysis (considering indexed securities and foreign exchange forwards) of the asset value of financial instruments to changes in exchange rates, has the following detail:

Amounts in thousand of Kwanzas

	2023/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(7 175 726)	(3 587 863)	(1 793 931)	1 793 931	3 587 863	7 175 726
Euro	(949 868)	(474 934)	(237 467)	237 467	474 934	949 868
Other currencies	(1 187 367)	(593 683)	(296 842)	296 842	593 683	1 187 367
Total	**(9 312 961)**	**(4 656 480)**	**(2 328 240)**	**2 328 240**	**4 656 480**	**9 312 961**

Amounts in thousand of Kwanzas

	2022/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(1 109 570)	(554 785)	(277 392)	277 392	554 785	1 109 570
Euro	(287 581)	(143 791)	(71 895)	71 895	143 791	287 581
Other currencies	(803 989)	(401 995)	(200 997)	200 997	401 995	803 989
Total	**(2 201 140)**	**(1 100 571)**	**(550 285)**	**550 285**	**1 100 570**	**2 201 140**

29.4 Fair value of financial assets and liabilities

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

Instruments listed in active markets (level 1)

This category includes financial instruments with available quoted prices in official markets and those in which there are entities that usually disclose prices of transactions for these instruments traded in liquid markets.

Priority in the prices used is given to those observed in official markets, in cases where there is more than one official market, the option falls on the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organized market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

In this category includes financial instruments valued through internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models variables provided by the market, such as interest rate curves and credit spreads. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) over-the-counter (OTC) derivatives.

Valuation methods with non-observable parameters in the market (level 3)

This level includes the valuations determined by the use of internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market. The bases and assumptions used in the calculation of the fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using inputs that are not observable in the market; (ii) unquoted shares; (iii) over-the-counter (OTC) market derivatives with quotes provided by third parties.

As at 31 December 2023 and 31 December 2022, the book value of financial instruments is detailed as follows:

Amounts in thousand of Kwanzas

	2023/12/31			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	556 646 795	-	556 646 795
Loans and advances to credit institutions	-	41 635 446	(4 180)	41 631 266
Other loans and advances to central banks and credit institutions	-	901 877 634	(375 124)	901 502 510
Financial assets at fair value through profit or loss	48 568 839		-	48 568 839
Investments at amortized cost	-	1 424 989 897	(13 048 771)	1 411 941 126
Loans and advances to customers	-	600 370 855	(50 268 076)	550 102 779
	48 568 839	**3 525 520 627**	**(63 696 151)**	**3 510 393 315**
Liabilities				
Deposits from central banks and other institutions	-	27 840 923	-	27 840 923
Deposits from customers and other loans	-	2 855 206 125	-	2 855 206 125
Financial liabilities at fair value through profit or loss	**2 537 450**	**-**	**-**	**2 537 450**
	2 537 450	**2 883 047 048**	**-**	**2 885 584 498**

Amounts in thousand of Kwanzas

	2022/12/31			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	426 304 724	-	426 304 724
Loans and advances to credit institutions	-	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	-	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss	106 794 592	-	-	106 794 592
Investments at amortized cost	-	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers	-	471 417 049	(53 991 485)	417 425 564
	106 794 592	**2 606 794 779**	**(64 527 711)**	**2 649 061 660**
Liabilities				
Deposits from central banks and other institutions	-	10 686 251	-	10 686 251
Deposits from customers and other loans	-	2 039 175 606	-	2 039 175 606
Financial liabilities at fair value through profit or loss	**545 524**	**-**	**-**	**545 524**
	545 524	**2 049 861 857**	**-**	**2 050 407 381**

As at 31 December 2023 and 31 December 2022, the fair value of the Bank's financial instruments is presented as follows:

Amounts in thousand of Kwanzas

	2023/12/31				
	Book value	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and deposits at central banks	556 646 795	-	556 646 795	556 646 795	-
Loans and advances to credit institutions	41 631 266	-	41 631 266	41 631 266	-
Other loans and advances to central banks and credit institutions	901 502 510	-	901 502 510	901 502 510	-
Financial assets at fair value through profit or loss	48 568 839	48 568 839	-	48 568 839	-
Investments at amortized cost	1 411 941 126	-	1 477 651 434	1 477 651 434	65 710 308
Loans and advances to customers	550 102 779	-	547 098 501	547 098 501	(3 004 278)
	3 510 393 315	**48 568 839**	**3 524 530 506**	**3 573 099 345**	**62 706 030**
Liabilities					
Deposits from central banks and other institutions	27 840 923	-	27 840 923	27 840 923	-
Deposits from customers and other loans	2 855 206 125	-	2 855 206 125	2 855 206 125	-
Financial liabilities at fair value through profit or loss	2 537 450	2 537 450	-	2 537 450	-
	2 885 584 498	**2 537 450**	**2 883 047 048**	**2 885 584 498**	**-**

Amounts in thousand of Kwanzas

	2022/12/31				
	Book value	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and deposits at central banks	426 304 724	-	426 304 724	426 304 724	-
Loans and advances to credit institutions	24 122 059	-	24 122 059	24 122 059	-
Other loans and advances to central banks and credit institutions	726 047 113	-	726 047 113	726 047 113	-
Financial assets at fair value through profit or loss	106 794 592	106 794 592	-	106 794 592	-
Investments at amortized cost	948 367 608	-	1 029 890 193	1 029 890 193	81 522 585
Loans and advances to customers	417 425 564	-	421 307 572	421 307 572	3 882 008
	2 649 061 660	**106 794 592**	**2 627 671 661**	**2 734 466 253**	**85 404 593**
Liabilities					
Deposits from central banks and other institutions	10 686 251	-	10 686 251	10 686 251	-
Deposits from customers and other loans	2 039 175 606	-	2 039 175 606	2 039 175 606	-
Financial liabilities at fair value through profit or loss	545 524	545 524	-	545 524	-
	2 050 407 381	**545 524**	**2 049 861 857**	**2 050 407 381**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quotations on an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is performed in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bonds in national currency that are non-readjustable and Treasury Bonds in national currency indexed to the US dollar exchange rate issued by the Angolan State and held by the Bank for trading in the secondary market with other banks are revalued based on a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market.

Currency forwards are revalued using a discounted cash-flows model. The amounts in foreign currency are updated with an interest rate curve directly observed from Bloomberg and the amounts in national currency are updated with a curve built with interbank money market yields and reference rates (Luibor) observed on the BNA website. Since they are not listed on a stock exchange and provided that there is observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Participation Units by the quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments recorded in the balance sheet at amortized cost, the Bank calculates their fair value using valuation techniques based on the conditions applicable to similar transactions on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate, *i.e.*:

- Non-adjustable Treasury Bills and Treasury Bonds in national currency issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model.

- None - adjustable treasury bonds in dollars issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. As there are not yet any significant transactions of this instrument in BODIVA, the discount curve is built based on the yields of the last issues of these bonds.

- For loans and advances to customers, the average interest rates charged by the Bank in the period ended 31 December 2023 and 31 December 2022, respectively, were used for operations with similar characteristics and net of accumulated impairment losses; and

- For cash and deposits at central banks, deposits at other credit institutions, deposits at central banks and other credit institutions and deposits from customers and other borrowings, as they are essentially short-term operations. It was considered that the balance sheet value represents a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realization value of these financial instruments in a sale or liquidation scenario and was not calculated for that purpose.

As at 31 December 2023, and 31 December 2022, the fair value of financial instruments recorded in the balance sheet at fair value presents the following detail by valuation methodology:

Amounts in thousand of Kwanzas

	2023/12/31			
	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	2 998 452	41 835 347	3 735 040	48 568 839
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	41 091 600	-	41 091 600
Equity instruments				
VISA	2 998 452	-	-	2 998 452
Other equity instruments	-	-	3 325 229	3 325 229
Participation units	-	-	409 811	409 811
Derivatives	-	743 747	-	743 747
Liabilities				
Financial liabilities at fair value through profit or loss	-	2 537 450	-	2 537 450
Derivatives	-	2 537 450	-	2 537 450

Amounts in thousand of Kwanzas

	2022/12/31			
	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1 454 172	101 784 861	1 592 275	104 831 308
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	101 412 843	-	101 412 843
Treasury Bonds in national currency indexed to the US dollar exchange rate	-	-		-
Equity instruments				
VISA	1 454 172	-	-	1 454 172
Other equity instruments	-	-	1 398 588	1 398 588
Participation units	-	-	193 687	193 687
Derivatives	-	372 018	-	372 018
Liabilities				
Financial liabilities at fair value through profit or loss	-	545 524	-	545 524
Derivatives	-	545 524	-	545 524

During the periods ended December 31, 2023, and December 31, 2022, the movement in financial instruments valued at level 3 was as follows:

Amounts in thousand of Kwanzas

	2023/12/31	
	Equity instruments Other equity instruments	Participation units
Balance as at January 1, 2023	1 398 588	193 687
Acquisition	-	989 130
Exits by maturity	-	(192 294)
Exits by disposal	-	(641 921)
Transfers by entries	-	-
Transfers by exits	-	-
Other movements and exchange rate differences	1 926 641	61 209
Balance as at December 31, 2023	3 325 229	409 811

Amounts in thousand of Kwanzas

	2022/12/31	
	Equity instruments Other equity instruments	Participation units
Balance as at January 1, 2022	1 403 287	1 011 174
Acquisition	-	193 687
Exits by maturity	-	(1 011 174)
Exits by disposal	-	-
Transfers by entries	-	-
Transfers by exits	-	-
Other movements and exchange rate differences	(4 699)	-
Balance as at December 31, 2022	1 398 588	193 687

Fair value of financial instruments recorded at amortized cost

The fair value hierarchy of the financial instruments recorded in the balance sheet at amortized cost is analyzed as follows. These were estimated based on the main methodologies and assumptions described below:

Amounts in thousand of Kwanzas

	2023/12/31				
		Fair Value			
	Book value	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total fair value
Assets					
Cash and deposits at central banks	556 646 795	-	556 646 795	-	556 646 795
Loans and advances to credit institutions	41 631 266	-	41 631 266	-	41 631 266
Other loans and advances to central banks and credit institutions	901 502 510	-	901 502 510	-	901 502 510
Investments at amortized cost	1 411 941 126	104 836 290	1 372 815 144		1 477 651 434
Loans and advances to customers	550 102 779	-	-	547 098 501	547 098 501
	3 461 824 476	**104 836 290**		**547 098 501**	**3 524 530 506**
Liabilities					
Deposits from central banks and other credit institutions	27 840 923	-	27 840 923	-	27 840 923
Deposits from customers and other loans	2 855 206 125	-	2 855 206 125	-	2 855 206 125
	2 883 047 048	**-**	**2 883 047 048**	**-**	**2 883 047 048**

Amounts in thousand of Kwanzas

	2022/12/31				
		Fair Value			
	Book value	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total fair value
Assets					
Cash and deposits at central banks	426 304 724	-	426 304 724	-	426 304 724
Loans and advances to credit institutions	24 122 059	-	24 122 059	-	24 122 059
Other loans and advances to central banks and credit institutions	726 047 113	-	726 047 113	-	726 047 113
Investments at amortized cost	948 367 608	-	104 831 308		104 831 308
Loans and advances to customers	417 425 564	-	-	421 307 472	421 307 472
	2 542 267 068	**-**		**421 307 472**	**1 702 612 676**
Liabilities					
Deposits from central banks and other credit institutions	10 686 251	-	10 686 251	-	10 686 251
Deposits from customers and other loans	2 039 175 606	-	2 039 175 606	-	2 039 175 606
	2 049 861 857	**-**	**2 049 861 857**	**-**	**2 049 861 857**

Cash and deposits at central banks and other demand deposits, Other loans and advances to credit institutions and Deposits from central banks
These assets and liabilities are very short-term, and therefore the balance sheet value is a reasonable estimate of their fair value.

Securities at amortized cost
The fair value of securities recorded at amortized cost is estimated in accordance with the methodologies followed for valuing securities that are recorded at fair value, as described at the beginning of this Note.

Loans and advances to customers
The fair value of loans and advances to customers is estimated based on the discounted expected cash flows of principal and interest, considering that the installments are paid on the contractually agreed dates. Discount rates used are the current rates for loans with similar characteristics. For stage 2 loans via the individual analysis model, the fair value considered is the balance sheet value.

For stage 3 loans, for which recovery is via foreclosure of the collateral, the Balance Sheet value was considered.

Deposits from customers
The fair value of deposits from customers and other loans is short-term, and therefore the balance sheet value is a reasonable estimate of fair value.

29.5 Capital management

As at 31 December 2023 and 31 December 2022, the Bank's capital and solvency ratio are determined in accordance with the applicable regulatory standards, namely with Notice No. 8/2021.

Angolan financial institutions must maintain a level of capital compatible with the nature and scale of operations, duly weighted by the risks inherent to the operations, with a minimum regulatory capital ratio of 8%, a minimum Tier 1 (T1) capital ratio of 6% and a minimum Common Equity Tier 1 (CET1) capital ratio of 4.5%.

Regulatory capital ratio comprises:

1. **Tier 1 capital** – comprises: i) Paid-up share capital; ii) Positive retained earnings from previous periods; iii) Legal, statutory and other reserves arising from non-distributed profits, or set up to increase capital; iv) Net profit of the previous period; v) Provisional net profit of the current period; vi) Equity instruments; and vii) Share premium.

2. **The negative elements of Tier 1 capital** – comprise: (i) Own shares in the portfolio, at book value in the balance sheet; (ii) Losses carried forward from previous periods; (iii) Net loss of the previous period; (iv) Provisional net loss of the current period; (v) Intangible assets net of amortization, including goodwill included in the valuation of significant investments of the institution; vi) Expenses with deferred costs related to pension liabilities; vii) Deferred tax assets depending on future profitability; viii) Adjustments on impairment losses on financial instruments in relation to that determined by the Banco Nacional de Angola in the prudential supervision; ix) Positive revaluation differences arising from the application of the equity method; x) Actuarial losses not recognized in profit and loss; xi) The amount of the items that need to be deducted from additional Tier 1 capital items that exceed the Institution's additional Tier 1 capital items; xii) The exposure value of incomplete transactions; (xiii) The applicable amount of

Common Equity Tier 1 instruments of credit institutions held directly, indirectly and synthetically with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; (xiv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where the Institution does not have a significant investment in such entities; (xv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where the Institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less (xvi) Any tax on Common Equity Tier 1 items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of Common Equity Tier 1 items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

3. **Additional Tier 1 capital** – comprises (i) Preference shares; ii) Hybrid and/or convertible instruments; iii) Other instruments whose issue conditions have been previously approved by the Banco Nacional de Angola; and iv) Share premium relating to the items included in the previous sub-paragraphs.

4. **The negative elements of additional Tier 1 capital** – comprise: i) Additional Tier 1 instruments held directly, indirectly and synthetically, including additional Tier 1 instruments that the Institution may be required to acquire as a result of existing contractual obligations; ii) Additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; iii) The applicable amount of additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in those credit institutions; (iv) The applicable amount of additional Tier 1 capital instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the institution has a significant investment in such credit institutions, excluding underwriting positions held for a period of five (5) business days or less; (v) The amount of items required to be deducted from Tier 2 capital items in excess of the Institution's Tier 2 capital items; and, (vi) Any tax on additional Tier 1 capital items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of additional Tier 1 capital items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

5. **Tier 2 capital** – comprises: i) Redeemable preference shares; ii) Reserves from the revaluation of real estate for own use; iii) Subordinated debt, in the form of loans or bonds issued, whose issue conditions were previously approved by the Banco Nacional de Angola; iv) Other instruments whose issue conditions were previously approved by the Banco Nacional de Angola; and, v) Share premium relating to the items included in the previous points.

6. **The negative elements of Tier 2 capital** – comprise: i) Common Equity Tier 2 instruments held directly, indirectly and synthetically, including Tier 2 instruments that the Institution may be required to acquire as a result of existing contractual obligations; ii) Tier 2 instruments of directly, indirectly and synthetically held credit institutions with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; (iii) The applicable amount of Tier 2 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in such credit institutions; and, (iv) Tier 2 instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the Institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less.

Net profit for the previous period and for the current period referred to in the previous paragraphs can only be considered whenever they are certified by the expert accountant who is a member of the supervisory body or single auditor and by the external auditor.

The table below shows the capital and the solvency ratio of the Bank as at 31 December 2023 and 31 December 2022:

Amounts in thousand of Kwanzas

	2023/12/31	2022/12/31
Regulatory capital ratio		
Tier I capital	470 142 948	404 825 397
Tier II capital	-	-
Total	**470 142 948**	**404 825 397**
Regulatory Capital Requirements		
Credit risk requirements	47 048 554	33 017 817
Market risk requirements	1 884 471	2 357 101
Operational risk requirements	39 614 075	39 124 468
Excesses of prudential limits for large exposures	188	188
Total	88 547 288	74 499 574
Regulatory Solvency Ratio	**42,48%**	**43,47%**

The Bank does not calculate the regulatory capital ratio on a consolidated basis. However, considering (i) that the consolidated entities are neither credit institutions nor financial companies; (ii) that the regulatory capital ratio on an individual basis amounts to 42.48%; and (iii) that the institution with the greatest weight of assets in the Group is BFA itself, we can conclude that the BFA Group's regulatory capital is sufficient.

30. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies

Following feedback on the need for more guidance to help companies decide what information to disclose regarding accounting policies, on 12 February 2021, the IASB issued amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Making materiality judgments.

The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the revised definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but early application is permitted.

The Bank has no impact resulting from the adoption of this standard.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after 1 January 2023, with early application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank has no impacts resulting from the adoption of this standard.

Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction

The IASB issued amendments to IAS 12 - Income Taxes, on 7 May 2021.

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations, i.e., transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. Early adoption is permitted.

The Bank has no impacts resulting from the adoption of this standard.

Lease liability in a sale and leaseback transaction (amendments to IFRS 16 – Leases)

The IASB issued amendments to IFRS 16 – Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction.

These amendments confirm that:

- At initial recognition, the seller-tenant includes variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it recognizes no gain or loss related to the right of use it retains.

A seller-tenant can adopt different approaches that satisfy the new subsequent measurement requirements.

The Amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the changes retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means it will have to identify and re-examine sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Bank is assessing the impact this standard will have on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments Disclosures.

The amendments address disclosure requirements for supplier finance arrangements – also known as supply chain finance, trade payables finance or reverse factoring arrangements.

The new requirements complement those already included in IFRS standards and include disclosures on:

- Terms and conditions of supplier finance arrangements;
- The amounts of liabilities covered by such agreements, the extent to which suppliers have already received payments from the finance providers and under which caption those liabilities are presented in the balance sheet;
- The ranges of payment due dates; and
- Information on liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The Bank is assessing the impact this standard will have on its financial statements.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the International Accounting Standards Board (the IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. When a currency is not exchangeable, the entity has to estimate a spot exchange rate.

According to the amendments, entities will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures may include:

- the nature and financial effects of the currency not being exchangeable into the other currency;
- the spot exchange rate(s) used
- the estimation process; and
- the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted.

The Bank is assessing the impact this standard will have on its financial statements.

31. SUBSEQUENT EVENTS

On 1 March 2024, under the terms of Article 21(1) of the Pension Fund Regulations, Decree No. 25/98 of 7 August, approved the process of transferring the management of the BFA Pension Fund from Fénix to BFA Pensões, S.A.

32. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

Independent Auditor's Report

KPMG

KPMG Angola – Audit, Tax, Advisory, S.A.
Edifício Moncada Prestige – Rua Assalto ao Quartel de Moncada 15 2º
Luanda – Angola
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INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders of
Banco de Fomento Angola, S.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Banco de Fomento Angola, S.A.** ("the Bank"), and its subsidiaries ("the Group") which comprise the balance sheet as at December 31, 2023, showing total assets of AOA 3,584,400,909 thousand and a total equity of AOA 569,640,404 thousand, including a profit for the year attributable to the shareholders of the Bank of AOA 167,923,953 thousand, and the consolidated statement of income and comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the accompanying notes to the consolidated financial statements, including material information on the accounting policy.

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of **Banco de Fomento Angola, S.A.** as at December 31, 2023 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

Our audit was conducted in accordance with the International Standards on Auditing (ISA) and other Technical Standards of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Our responsibilities under these standards are described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that make up the Group under the terms of the law and comply with the other ethical requirements under the code of ethics of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Emphasis of matter

As described in note 1 – Introductory note, the Group prepared its first consolidated financial statements as at December 31, 2023, and so the consolidation was made for comparative purposes with reference to December 31, 2022. Our opinion is not modified in this regard.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for:

- the preparation and fair presentation of these consolidated financial statements and of the consolidated financial position, financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS);
- establishment and maintenance of an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- adoption of appropriate accounting policies and criteria in the circumstances; and
- assessment of the Group's ability to continue as a going concern, disclosing, where applicable, any matters that may cast significant doubt on this matter.

The supervisory body is responsible for supervising the process of preparing and disclosing the Group's financial information.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on those financial statements.

As part of an audit in accordance with the ISA, we make professional judgments and maintain professional skepticism during the audit and also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error, since fraud can involve collusion, forgery, intentional omissions, false statements or overriding internal control;

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KPMG

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures included in the consolidated financial statements or, if those disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to discontinue its activities;
- We assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and are ultimately responsible for our audit opinion; and,
- We communicate with those charged with governance, including the supervisory body, among other matters, the planned scope and timing of the audit, and the significant findings of the audit including any significant deficiencies in internal control identified during the audit.

Luanda, March 15, 2024

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Inês Filipe
(Registered Auditor with certificate no. 20140081)

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Supervisory Board's Opinion

BFA

SUPERVISORY BOARD

OPINION OF THE SUPERVISORY BOARD ON THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR FY2023

(CONSOLIDATED FINANCIAL STATEMENTS)

In compliance with legal and regulatory provisions, namely article 441(g) of Law no. 1/04, dated 13th February - the Companies Act, article 71(2) of Law no. 14/21, dated 19th May, which approves the Financial Institutions Legal Framework, combined with article 15(1)(d) of Notice no. 1/22, dated 28th January - the Financial Institutions Corporate Governance Code, along with article 6(5) of Notice n.º 5/19, dated 30th August, concerning the Accounting Standardisation and Harmonisation Process for the Angolan Banking Sector, along with article 8(1) of BFA's Supervisory Board Rulebook, approved on 19th December 2023, it is incumbent upon the Supervisory Board to issue an opinion on the Consolidated Annual Financial Statements of Banco de Fomento Angola, S.A., for the financial year 2023, as submitted by the Board of Directors.

It is incumbent upon the Board of Directors of Banco de Fomento Angola, S.A. to prepare and submit the Consolidated Annual Financial Statements.

It is incumbent upon the Supervisory Board to review and analyse the information included in the annual financial statements with a view to issue a professional and impartial opinion based on its supervisory capacity and function.

The Supervisory Board has reviewed and appraised the Consolidated Annual Financial Statements, which comprise the Consolidated Balance Sheet, the Consolidated Income Statement and Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity as at 31st December 2023, which demonstrate that the Balance Sheet recorded as accounting entries Total Assets of AOA 3,584,400,909 thousand, Equity of AOA 569,640,404 thousand, which includes a Net Profit of AOA 167,924,683 thousand and Total Liabilities of AOA 3,014,760,505 thousand. On the other hand, the Consolidated Income Statement and Other Comprehensive Income recorded as accounting entries, a Net Interest Income of AOA 247,317,234 thousand, Operating Income of AOA 300,923,613 thousand, Income Before Tax from Ongoing Operations of AOA 184,337,334 thousand and Net Profit of AOA 167,924,683 thousand, with the entirety of the statements herein in respect of the fiscal year ended 31st December 2023, in accordance with the Consolidated Financial Statements submitted by the Board of Directors of Banco de Fomento Angola, S.A.

BFA

SUPERVISORY BOARD

The Supervisory Board did not identify any matter that was not in accordance with the applicable legal standards and regulations, as well as with the International Financial Reporting Standards (IFRS) and best accounting practices and considers that the consolidated financial statements provide a true and fair view of the Bank's financial position and the financial results of its business activities and operations in all materially relevant respects.

The Supervisory Board acknowledged the Independent Auditor's Report on the Individual Annual Financial Statements auditing proceedings as at 31st December 2023, which was issued without any reservation, with the auditor stating that "the consolidated financial statements present fairly, in all material respects, the financial position of Banco de Fomento Angola, S.A. as at 31st December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)".

Accordingly, the Supervisory Board issues a favourable opinion on the approval of the Consolidated Annual Financial Statements as at 31st December 2023.

BFA's Supervisory Board, Luanda, 15th March 2024

Alcides Safeca

(Chairperson)

Adilson Sequeira

(Deputy Chair)

(Certified Expert Accountant nº 20130051)

Valdir Rodrigues

(Voting Member)

8 INDIVIDUAL FINANCIAL STATEMENTS AND NOTES

Financial Statements

INDIVIDUAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts expressed in thousand of Kwanzas

	Notes	2023/12/31	2022/12/31
Interest and similar income	20	313 525 801	267 676 078
Interest and similar expense	20	(66 591 031)	(51 499 949)
Net interest income		**246 934 770**	**216 176 129**
Fees and commission income	21	32 891 472	30 908 056
Fees and commission expense	21	(16 223 659)	(13 412 412)
Net gains/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	(310 812)	13 220 550
Net gains/(losses) on investments at amortized cost	8	8 508 936	3 735 963
Foreign exchange gains/(losses)	22	19 017 992	17 286 782
Net gains/(losses) on sale of other assets	23	145 508	74 012
Other operating income/(expense)	24	8 072 248	1 066 906
Net operating income		**299 036 455**	**269 055 986**
Staff costs	25	(63 510 595)	(63 216 766)
External supplies and services	26	(37 088 541)	(27 700 826)
Depreciation and amortization for the period	12	(13 657 427)	(11 425 755)
Provisions net of reversals	17	1 850 679	(6 762 280)
Impairment of loans and advances to customers net of reversals	17	(1 677 940)	(2 249 682)
Impairment of other financial assets net of reversals	17	(1 220 925)	2 516 127
Impairment of other assets net of reversals	17	11 917	(65 013)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**183 743 623**	**160 151 791**
Income tax			
Current	13	(16 234 011)	(19 696 571)
Deferred	13	-	-
INCOME FOR THE PERIOD		**167 509 612**	**140 455 220**
INCOME RECOGNIZED DIRECTLY IN EQUITY		**-**	**-**
COMPREHENSIVE INCOME FOR THE PERIOD		**167 509 612**	**140 455 220**
Average number of ordinary shares issued	**19**	5 153 425	3 000 000
Basic earnings per share (in Kwanzas)	**19**	32,505	46,818
Diluted earnings per share (in Kwanzas)	**19**	32,505	46,818

INDIVIDUAL BALANCE SHEET AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts expressed in thousand of Kwanzas

ASSETS	Notes	2023/12/31	2022/12/31
Cash and deposits at central banks	4	556 646 795	426 304 724
Loans and advances to credit institutions	5	41 631 266	24 122 059
Other loans and advances to central banks and credit institutions	6	901 502 510	726 047 113
Financial assets at fair value through profit or loss	7	46 487 831	104 831 308
Investments at amortized cost	8	1 411 941 126	948 367 608
Loans and advances to customers	9	550 102 779	417 425 564
Non-curren assets held for sale	10	180 980	-
Investments in subsidiaries, associates and joint ventures	11	1 117 215	1 117 215
Property, pland and equipment	12	38 752 340	36 684 977
Intangible assets	12	12 424 952	8 119 685
Current tax assets	13	192 964	145 408
Deferred tax assets	13	-	-
Othe assets	14	23 413 473	15 739 173
Total Assets		**3 584 394 231**	**2 708 904 834**

LIABILITIES AND EQUITY	Notes	2023/12/31	2022/12/31
Deposits from central banks and other credit institutions	15	27 840 923	10 686 251
Deposits from customers and other loans	16	2 857 665 483	2 040 285 204
Financial liabilities at fair value through profit or loss	7	2 537 450	545 524
Provisions	17	55 524 646	51 578 164
Current tax liabilities	13	14 257 036	10 984 876
Lease liabilities	18	5 325 022	4 622 610
Other liabilities	18	53 717 659	105 912 673
Total Liabilities		**3 016 868 219**	**2 224 615 302**
Share capital	19	45 000 000	15 000 000
Other reserves and retained earnings	19	355 016 400	328 834 312
Net profit/(loss) for the period	19	167 509 612	140 455 220
Total Equity		**567 526 012**	**484 289 532**
Total Liabilities and Equity		**3 584 394 231**	**2 708 904 834**

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts expressed in thousand of Kwanzas

	Notes	Share Capital	Other reserves and retained earnings	Net profit/(loss) for the period	Total
Balance on 1 January 2022		**15 000 000**	**250 598 446**	**156 471 732**	**422 070 178**
Appropriation of the 2021 net profit:					
. Reserve requirement	19	-	78 235 866	(78 235 866)	-
. Distribution of dividends	19	-	-	(78 235 866)	(78 235 866)
Net profit/(loss) for the period	19	-	-	140 455 220	140 455 220
Balance on 31 December 2022		**15 000 000**	**328 834 312**	**140 455 220**	**484 289 532**
Appropriation of the 2022 net profit:					
. Reserve requirement	19	-	56 182 088	(56 182 088)	-
. Distribution of dividends	19	-	-	(84 273 132)	(84 273 132)
Capital increase		30 000 000	(30 000 000)	-	-
Net profit/(loss) for the period	19	-	-	167 509 612	167 509 612
Balance on 31 December 2023		**45 000 000**	**355 016 400**	**167 509 612**	**567 526 012**

INDIVIDUAL CASH FLOW STATEMENT
FOR THE PERIODS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

Amounts expressed in thousand of Kwanzas

	Notas	2023/12/31	2022/12/31
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, commissions and other similar income received		334 766 765	291 731 998
Interest, commissions and other similar income paid		(79 586 506)	(59 122 370)
Payments to employees and suppliers		(98 052 976)	(87 425 215)
Payments and contributions to pension funds and other benefits		(2 536 625)	(3 492 376)
Recovery of written-off loans		342 381	331 428
Other income/(expense) received/(paid)		19 170 863	30 561 912
Cash flows before changes in operating assets and liabilities		**174 103 902**	**172 585 377**
Increases/(decreases) in operating assets:			
Other loans and advances to central banks and credit institutions		91 891 986	(165 041 112)
Financial assets at fair value through profit or loss		52 473 730	(5 687 106)
Financial investments at amortized cost		(309 115 265)	196 993 487
Loans and advances to customers		(108 686 986)	(63 561 868)
Non-current assets held for sale		-	-
Other assets		(7 609 952)	1 205 672
Net cash flows from operating assets		**(281 046 487)**	**(36 090 927)**
Increases/(decreases) in operating liabilities:			
Deposits from central banks and other credit institutions		17 073 881	1 842 640
Deposits from customers and other loans		224 261 660	29 175 716
Other liabilities		(3 227 914)	2 026 825
Net cash flows from operating liabilities		**238 107 627**	**33 045 181**

	Notas	2023/12/31	2022/12/31
Net cash from operating activities before income taxes		**131 165 042**	**169 539 631**
Income and capital taxes paid		(13 234 606)	(10 301 392)
Net cash from operating activities		**117 930 436**	**159 238 239**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment, net of disposals		(10 025 412)	(10 427 696)
Acquisition of intangible asset, net of disposals		(9 305 076)	(9 671 470)
Net cash from investing activities		**(19 330 488)**	**(20 099 166)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution of dividends		(132 423 132)	(126 385 866)
Net cash from financing activities		**(132 423 132)**	**(126 385 866)**
Change in cash and cash equivalents		**(33 823 184)**	**(12 753 207)**
Cash and cash equivalents at the beginning of the period	4 and 5	450 430 227	446 672 013
Effects of changes in foreign exchange rates on cash and cash equivalents		181 675 198	(8 994 993)
Cash and cash equivalents at the end of the period	**4 and 5**	**598 282 241**	**450 430 227**

Notes to Financial Statements

1. INTRODUCTION

Banco de Fomento Angola, S.A. (hereinafter also referred to as Bank or BFA), was incorporated by Public Deed on 26 August 2002, following the transformation of the Angolan Branch of Banco BPI, S.A. into a bank under local law and is fully owned by BPI.

In 2008, BPI sold 49.9% of its stake in the Bank to Unitel.

As indicated in Note 19, on 5 January 2017, in execution of the share purchase and sale agreement entered into 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA's share capital was completed. Thus, on 31 December 2023 and 31 December 2022, BFA was majority held by Unitel, S.A., with a stake of 51.9%.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other funds, which it invests, together with its own funds, in the granting of loans, deposits in the Banco Nacional de Angola, investments in credit institutions and acquisition of securities or other assets, for which it is duly authorized. It also provides other banking services and performs various types of operations in foreign currency, having for this purpose, as at 31 December 2022, a national network of 160 branches, 11 investment centers, 7 large corporate centers, 4 Oil & Gas and Public Sector centers, 11 medium corporate centers and 1 Private Banking center.

2. BASIS OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 Basis of presentation

The Bank's financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards (IFRS), pursuant to Notice No. 5/2019, of 30 August, of the Banco Nacional de Angola IFRS includes accounting standards, issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), effective from 1 January 2023.

The financial statements now presented refer to the period ended 31 December 2023.

The accounting policies used by the Bank in the preparation of its financial statements for the period ended 31 December 2023 are consistent with those used on 31 December 2022.

The Bank's financial statements are expressed in thousands of Kwanzas, rounded to the nearest thousand. The financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognized at fair value through profit or loss. Other financial assets and liabilities and other non-financial assets and liabilities are recorded at amortized cost or historical cost.

The preparation of the financial statements in accordance with IAS/IFRS requires the Bank to make judgments and estimates and uses assumptions that affect the application of accounting policies and amounts of revenues, costs, assets and liabilities. Changes or differences between such assumptions and reality may have impacts on the actual estimates and judgments. The areas involving a higher degree of judgment or complexity, or areas where significant assumptions and estimates are made in preparing the financial statements are discussed in Note 3.

The individual financial statements for the period ended 31 December 2023 were approved at the meeting of the Bank's Board of Directors on 14 March 2024.

The recently issued accounting standards and interpretations that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analyzed in Note 31.

2.2 Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (Kwanza) at the exchange rate prevailing on the transaction date.

Foreign currency transactions are recorded in accordance with the principles of the multi-currency system, with each transaction being recorded according to the respective denomination currencies. Assets and liabilities stated in foreign currency are translated into Kwanzas at the average exchange rate published by the Banco Nacional de Angola as at the balance sheet date. Non-monetary assets and liabilities recorded at fair value are translated into the functional currency at the average exchange rate published by the Banco Nacional de Angola on the date the fair value is determined and recognized against profit or loss. Income and expenses related to exchange rate differences, whether realized or potential, are recorded in the income statement in the period in which they occur under Foreign exchange gains/(losses). The "forward currency position" transactions relate to currency forward contracts, and the related income and expenses are recorded under the caption Net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the income statement.

As at 31 December 2023 and 31 December 2022, the exchange rates of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR) were as follows:

	2023/12/31	2022/12/31
1 USD	828,800	503,691
1 EUR	915,990	537,438

Forward currency position

The forward currency position corresponds to the net balance of forward transactions pending settlement. All contracts related to these transactions are revalued at market forward exchange rates.

The difference between the equivalent in Kwanzas at the forward revaluation rates applied, and the equivalent at the contracted rates, is recorded under assets or liabilities, against income or expenses, respectively.

2.3 Financial instruments

2.3.1 Classification of financial assets

In accordance with IFRS 9 - Financial Instruments, financial assets can be classified into three categories with different measurement criteria:

- Amortized cost;

- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets depends on the business model and the contractual cash flow characteristics (SPPI criterion).

Business model

The business models foreseen in the standard are as follows:
- Business model whose objective is achieved by holding the asset to maturity to collect the contractual cash flows therefrom (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows from the asset and selling it (Held to collect and sell); and
- Other business models (e.g., trading).

Evaluation of the business model

The business model reflects the way the Bank manages its assets from a cash-flow generation standpoint. Thus, it is important to understand whether the objective of the Bank is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations apply (e.g., financial assets are held for trading), the financial assets are classified as part of "other business models" and recognized at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Financial assets at fair value through profit or loss are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These assets are classified under "other business models" and recognized at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, and considers the frequency, the value, the sales calendar in previous periods, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that can modify the timing or the amount of the contractual cash flows (such as early amortization or extension of term clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of that contractual clause, are solely payments of principal and interest on the principal amount outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the benchmark interest rate (for example, the interest rate is adjusted every three months), the Bank assesses, at the time of the initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Contractual conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortized cost or at fair value through other comprehensive income.

SPPI assessment

When the business model involves holding assets in order to (i) collect contractual cash flows or (ii) collect contractual cash flows and sell these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal amount outstanding (SPPI test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a basic loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are considered in their entirety, when determining whether the cash flows correspond solely to payments of principal and interest on the principal outstanding (SPPI test).

Financial liabilities at amortized cost

The Bank measures a financial asset at amortized cost if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose main purpose is to hold the assets to collect its contractual cash flows (HTC - Held to collect); and
- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI).

These instruments are initially recorded at fair value and subsequently valued at amortized cost, based on the effective interest rate method and are subject to impairment tests.

This category of financial assets at amortized cost includes other loans and advances to credit institutions, Loans and advances to customers and debt securities (Investments at amortized cost) managed based on a business model whose objective is to receive its contractual cash flows.

Financial assets at fair value through other comprehensive income

The Bank measures a financial asset at fair value through other comprehensive if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose objective is to hold the assets to collect their contractual cash flows and sell them (HTC and Sell – Held to collect and sell); and
- its contractual cash flows occur on specific dates and correspond solely to payments of principal and interest on the principal amount outstanding (SPPI).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably assign it to this category. This designation is made on a case-by-case, investment-by-investment basis and is only available for financial instruments that meet the definition of equity instruments under IAS 32 and may not be used for financial instruments classified as equity instruments at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific item of equity (Reserves of financial assets at fair value through other comprehensive income) until they are sold, where they are reclassified to profit or loss for the period, except for equity instruments which are reclassified to retained earnings. Additionally, they are subject, since their initial recognition, to calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognized in the income statement under the caption Interest income and similar income. Income from variable-income securities is recognized in the income statement caption Income from equity instruments on the date when it is attributed. In accordance with this criterion, prepaid dividends are recorded as income in the year the distribution is decided.

Financial assets at fair value through profit or loss.

All financial assets that are not measured according to the methods described above are measured at fair value through profit or loss.

Debt instruments whose contractual cash flow characteristics do not meet the SPPI criterion, and which would otherwise be measured at amortized cost or at fair value through other comprehensive income, are required to be measured at fair value through profit or loss.

This category also includes assets acquired for the purpose of realizing gains from short-term fluctuations in market prices. This category also includes derivative financial instruments, excluding those that comply with hedge accounting requirements. By default, equity instruments are also classified at fair value through profit or loss, unless the entities opt for the irrevocable classification at fair value through other comprehensive income as referred to above.

In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at fair value through profit or loss if the classification significantly eliminated the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognized at fair value. Gains and losses arising from subsequent valuation at fair value are recognized in the income statement. Income is reflected in the respective captions of Interest and similar income.

Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer's perspective, which means, instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer's net assets. An example of equity instruments are ordinary shares.

Investments in equity instruments are an exception to the general measurement criteria described above. Generally, the Bank has the option, on initial recognition, to designate, irrevocably, in the category of financial assets at fair value through other comprehensive income, the investments in equity instruments that are not classified as held for trading and that, in the event it did not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss.

2.3.2 Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realized through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortized cost

Financial liabilities correspond essentially to Deposits from central banks and other credit institutions and Deposits from customers and other loans. These liabilities are initially measured at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortized cost, in accordance with the effective interest method.

ii. Financial liabilities held for trading

This category includes derivative financial instruments with a negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)

The Bank designates, at initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option) provided that at least one of the following requirements is met:

- the financial liabilities are managed, measured, and analyzed internally based on their fair value;
- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and
- the financial liabilities contain embedded derivatives.

The subsequent measurement of financial liabilities is generally performed at amortized cost. There are some exceptions to this measurement basis, namely:

- Financial liabilities that are held for trading or when fair value option is applied - the subsequent measurement consists of fair value through profit or loss.
- Financial guarantees - the subsequent measurement consists of the higher of the corresponding expected credit losses and the amount of the initial fee received less the amounts already recognized as revenue in accordance with IFRS 15.

2.3.3 Recognition and initial measurement of financial instruments

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognized in the income statement.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not carried out the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalization expenses.

Financial assets are recognized in the balance sheet on the transaction date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of rights occurs later.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognize this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and
- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through the liquidation of the asset or liability.

2.3.4 Subsequent measurement of financial instruments

After its initial recognition, the Bank measures its financial assets at (i) amortized cost, at (ii) fair value through other comprehensive income, or (iii)at fair value through profit or loss.

Trade receivables from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

2.3.5 Income and expenses of financial instruments

Income and expenses from financial instruments at amortized cost are recognized according to the following criteria:

i. Interest is recorded in the income statement under Interest and similar income and Interest and similar expense, using the effective interest rate of the transaction on the gross book value of the transaction (except for impaired assets where the interest is applied on the book value net of impairment) and the interest already recognized and unpaid relating to overdue loans for more than 90 days is reversed, being recognized only when received since it is considered that its recovery is remote, and recognized off balance sheet; and

ii. The remaining changes in value will be recognized in the income statement as income or expense, when the financial instrument is derecognized from the balance sheet under Net gains/(losses) on investments at amortized cost, when it is reclassified, and in the case of financial assets, when there are impairment losses or gains through recovery, which are recorded under Impairment of loans and advances to customers net of reversals and recoveries, in the case of loans and advances to customers or under Impairment of other financial assets net of reversals and recoveries, in the case of other financial assets.

In order to determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, without considering possible impairment losses. The calculation includes all fees paid or received considered as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit or loss.

Treasury Bonds issued in national currency indexed to the exchange rate of the United States Dollar (hereinafter US Dollar) are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is recorded in the caption foreign exchange gains/(losses) and the result of the exchange rate adjustment of the discount and accrued interest is recorded under Net interest income – Interest and similar income.

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument's income, which is recorded as interest or dividends according to its nature under the captions Interest and similar income and Income from equity instruments, respectively, and the remainder, which is recorded as results of financial operations under the caption Net gains/(losses) on financial assets and liabilities at fair value through profit or loss; and

ii. Interest on debt instruments is recorded in the income statement under the caption Interest and similar income and is calculated using the effective interest rate method.

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in the income statement under the caption Interest and similar income and Income from equity instruments, respectively. For interest, the procedure is the same as for assets at amortized cost;

ii. Foreign exchange differences are recognized in the income statement under foreign exchange gains/(losses), in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets;

iii. In the case of debt instruments, impairment losses or reversals are recognized in the income statement under Impairment losses on other financial assets, net of reversals and recoveries; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in the income statement for the financial year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the net profit/(loss) for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit and loss account, remaining under the caption of reserves.

2.3.6 Reclassification between categories of financial instruments

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets Financial assets are reclassified to other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and any previously recognized gains, losses (including those related to impairment) or interest are not restated. Financial assets, at the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or financial instruments designated at fair value through profit or loss, is not allowed.

The reclassification of financial liabilities is not allowed.

During the period ended 31 December 2023, the Bank did not reclassify any financial instruments.

2.3.7 Fair value

In accordance with IFRS 13, financial instruments at fair value are measured according to the valuation levels described in Note 30.4.

2.3.8 Modification of loans and advances

The Bank occasionally renegotiates or modifies contractual cash flows from loans and advances to customers. In this situation, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- If any significant new term has been introduced, such as profit-sharing or an equity-based return, which substantially affects credit risk;
- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;
- Significant change in the interest rate;
- Change in the currency in which the loan was contracted; and
- Inclusion of a collateral, a guarantee or other improvement associated with the loan, which significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognized financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the book value are recognized in the income statement, as a derecognition gain or loss.

If the terms of the contract are not significantly different, the renegotiation, or modification, does not result in derecognition and the Bank recalculates the gross book value based on the revised cash flows of the financial asset and recognizes a gain or loss from this modification in the income statement. The new gross book value is recalculated discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired financial assets, originated or acquired).

After the modification, the Bank can determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (lifetime ECL) or from Stage 2 to Stage 1 (12 month-ECL). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract for a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

2.3.9 Derecognition not resulting from a modification

Financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and rewards of ownership of the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and rewards of ownership of the asset and does not hold control over the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded under Other operating income/(expenses). These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and rewards. These transactions result in the derecognition of the asset if the Bank:

- Has no obligation to make payments unless it receives equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities lending and borrowing operations are not derecognized because the Bank holds substantially all the risks and rewards based on the pre-established repurchase price, and therefore the derecognition criteria are not met (see Note 2.4).

Financial liabilities are derecognized when the underlying obligation is settled, expires, or is canceled.

2.3.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;
- The loans must be past due for more than 210 days; and
- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.3.11. Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees, and commitments assumed.

The requirements of IFRS 9 aim to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses on debt instruments that are measured at amortized cost are recognized against an accumulated impairment caption in the balance sheet, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognized in the income statement under the caption Impairment losses on loans and advances to customers, net of reversals and recoveries and those of the remaining financial assets under the caption Impairment losses on other financial assets, net of reversals and recoveries.

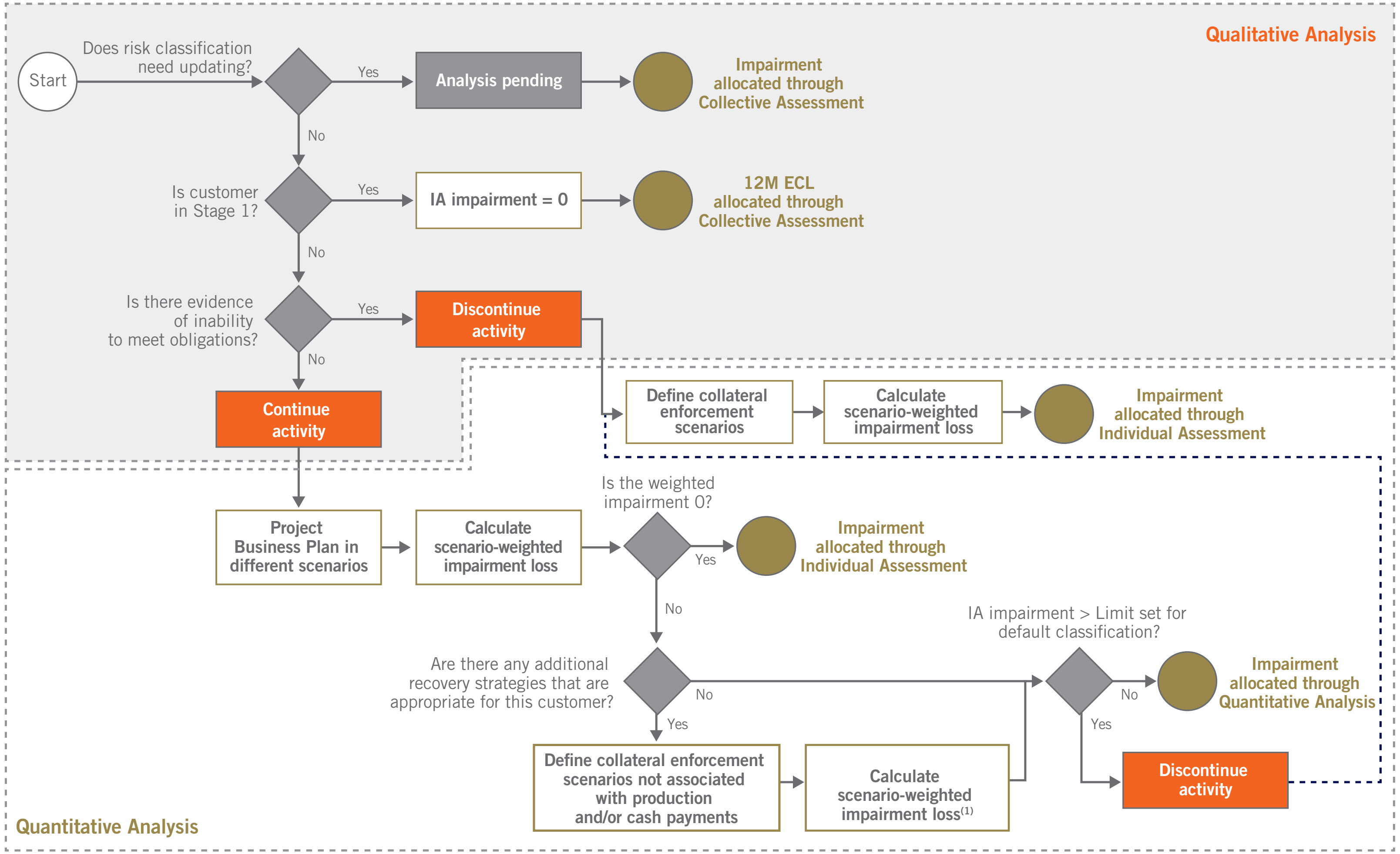
Impairment losses on exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision under Provisions in liabilities, in the balance sheet. Charges for the period and reversals are recorded under the caption Provisions, net of reversals in the income statement.

Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and Retail customers, hereinafter "Retail") considered as individually significant. These are analyzed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and Retail) that are individually significant are considered:

- Customers/economic groups with no signs of impairment with exposure greater than or equal to 0.1% of FPR;
- Customers/economic groups with signs of impairment with exposure greater than or equal to 0.02% of FPR;
- Customers restructured due to financial difficulties with exposure above AOA 50 million.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit
- Overdrafts
- Credit cards
- Car loans
- Mortgages
- Small and Medium-sized Businesses - less significant exposures
- Large Businesses – significant exposures
- Government
- Credit institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, the Bank classifies financial instruments into three stages of impairment, as described below:

- Stage 1: Classification to be applied on initial recognition of the financial instruments or in the event of not meeting any of the classification criteria of the other impairment stages
- Stage 2: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since their origin
- Stage 3: All financial instruments that are in default according to the Bank's internal definition and in line with Instruction No. 8/2019 will be classified under this stage.

The Stage 2 criteria for classification are as follows

Marking

- Product contracts other than overdrafts, with credit more than 30 days overdue;
- Overdraft product contracts with credit more than 15 days overdue;
- Customer with at least one credit operation restructured due to financial difficulties in the last 12 months;
- Customers with an operation in litigation in the last 5 years;
- Customers with bounced checks and/or inhibited from using checks according to the information available at CIRC (Angolan Centralized Credit Register);
- Customers with unauthorized overdrafts;
- Customers with revolving operations (overdrafts, credit cards and escrow accounts) above the limit formally contracted, or revolving credit operations used permanently at least 95% of the limit initially contracted in the last 12 months; and
- Credit with a material decrease in the value of the collateral (greater than 20%) when this results in a funding-collateral ratio greater than 80%.

For individually analyzed customers the following additional criteria are considered:

- Customers with a credit operation in the financial system more than 90 days in arrears, principal or interest written off/canceled or in litigation;
- Customer subject to Special Recovery Programs;
- Customers with overdue debts to the Tax Administration and/or Social Security;
- Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganization process;
- Significant change in the Customer's operating results (Companies), for customers subject to Individual Analysis.

Propagation

- Propagation of all operations to Stage 2 if the total exposure of the operation in Stage 2 is greater than or equal to 20% of the Customer's exposure.

Applicable only to Stage 3 Customers, the default classification criteria, are as follows, provided they have (i) Absolute Materiality: >= AOA 5,000 of overdue loans; (ii) Relative materiality: 1% Corporate and 2.5% Retail, of the Customer's asset exposure.

Classification

- Contracts with overdue credit for more than 90 days;
- Restructured contracts with overdue credit for more than 30 days; and
- Restructurings with material loss or grace period of the principal or arising from contracts already at Stage 3.

For individually analyzed customers the following additional criteria are considered:

- Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency

Propagation

- Propagation of marking of default when the default exposure represents 20% of total customer exposure

Unmarking

- Contracts with overdue credit for more than 90 days: 12-month quarantine period (at least 6 months in Stage 3 and 6 months in Stage 2) with no default activation criteria; and
- Restructured credits: a quarantine period (at least 12 months) is applied with payment of principal and interest without overdue exposure for a period greater than 30 days.

In calculating collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: The exposure at default (EAD) is the estimated amount outstanding in the event of default. This component is relevant for financial instruments that have a variable amortization structure depending on the Customer use (credit current accounts, credit cards, in general any revolving product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, the current levels of use and the value of the cap.

b) Probability of default (PD): the Bank applies a methodology for calculating the probability of default forecast for each borrower for the entire loan portfolio and for each risk segment. This parameter is used directly to calculate the ECL of operations in Stage 1 and 2 of impairment. Thus, for Stage 1 the 12-month period should be considered and for Stage 2 the residual maturity of the operation.

c) Loss given default (LGD): it is the percentage of debt that will not be recovered in the event of a Customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically to reflect the economic position and to be always representative of the current economic context.

The models also incorporate prospects of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or recoverability indicators of the Bank, namely:

- Real GDP
- Growth rate of non-oil GDP
- (Parallel) USD/AOA exchange rate - end of period
- Luanda Consumer Price Index
- Real Effective Exchange Rate (REER)

In the review processes, the necessary improvements will also be made as detected in the back testing exercises.

Additionally, BFA updated the regressions, scenarios, and macroeconomic weightings in its impairment model. However, it is not possible to quantify the impact of the forward-looking adjustment via COVID-19 separately, since the Bank also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, definition of default and segmentation.

Impairment model for other financial instruments

(Deposits at other credit institutions and Investments at amortized cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortized cost.

Stage 1 - Financial assets with no significant increase in credit risk since initial recognition

Assets that do not have a significant increase in credit risk since initial recognition are classified in Stage 1. The calculation of impairment losses for these exposures with a maturity of 12 months.

In assessing the existence of a significant increase in the credit risk for the financial asset portfolio, an increase of more than two notches is considered for a significant increase in the credit risk, in accordance with the information published by the international rating agency Moody's.

Stage 2– Financial assets with significant increase in credit risk since initial recognition

Whenever the existence of a significant increase in the counterparty's credit risk is determined, the exposure is classified as Stage 2.

For these exposures, the Bank measures the impairment losses over the respective residual maturity.

Stage 3 - Financial assets in default

This stage includes all financial instruments for which events of default have been verified for more than 90 days.

Impairment losses for debt securities, investments and cash and cash equivalents in other credit institutions are calculated based on the credit risk parameters (probability of default and loss given default) provided by the international rating agency Moody's.

For the purposes of calculating impairment losses, the Bank also considers risk mitigation through the fair value of financial collateral and mortgage collateral.

2.4 Operations with repurchase or resale agreement

Securities sold with a repurchase agreements (repos) at a fixed price or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognized from the balance sheet and are revalued in accordance with the accounting policy of the category to which they belong. The corresponding liability is accounted for under Loans and advances from customers or Loans and advances from credit institutions, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is accrued over the life of the agreement using the effective rate method.

Securities purchased under resale agreements (reverse repos) with a fixed price or for a price that equals the purchase price plus inherent to the term of the operation, are not recognized in the balance sheet, the purchase price being recorded as Investments at amortized cost or Other loans and advances to credit institutions, as appropriate. The difference between the purchase price and the resale price is treated as interest and is accrued over the life of the agreement using the effective interest rate method. The amounts receivable are collateralized by the associated securities.

2.5 Financial instruments derivatives

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognized in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

Hedging derivatives

The Bank had no hedging derivatives at the date of the first adoption of IFRS 9, however it took the decision to continue to apply as a policy, the accounting treatment of IAS 39 as permitted by IFRS 9.

The Bank designates derivatives and other financial instruments to hedge interest rate and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

Hedging derivatives are recorded at fair value and the gains or losses resulting from their remeasurement are recognized in accordance with the hedge accounting model adopted.

A hedging relationship exists when:

- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange changes arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognized in profit or loss for the period, as are the changes in the foreign exchange risk of the underlying monetary elements.

i. Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the risk covered. If the hedging relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and the hedge accounting is subsequently discontinued (the adjustment made to the book value of a hedging instrument, for which the effective interest rate method is used, is amortized through profit or loss for the period until its maturity and recognized in Net interest income). If the hedged asset or liability corresponds to a fixed-income instrument, the accumulated gains or losses in respect of changes in the interest rate risk associated with the hedging item until the date the hedging is discontinued, are amortized through profit or loss over the remaining period of the hedged item.

ii. Cash flow hedges

Changes in the fair value of derivatives, which qualify as cash flow hedges, are recognized in equity - cash flow reserves - for the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognized in the income statement when they occur.

The amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects results.

When the hedging instrument is derecognized or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accumulated in equity until the date the hedging is discontinued can be:

- deferred for the remaining period of the hedged instrument; and
- recognized immediately in profit or loss for the period if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in fair value of the derivative recorded in equity remains there until the future transaction is recognized in the income statement. When the transaction is no longer expected to occur, the accumulated gains or losses recorded in equity are immediately recognized in the income statement.

As at 31 December 2023 and 31 December 2022, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented under assets, when their fair value is negative, they are classified under liabilities, in both cases under financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

There is an embedded derivative when a part of the financial instrument traded by the Bank trades contains a derivative and a non-derivative component. This component of the derivative is identified as an “embedded derivative”, while the remainder of the contract is described as a “host contract”.

Derivatives embedded in financial instruments are separately accounted for whenever:

- the risks and rewards of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid instrument (as a whole) is not initially recognized at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss. As at December 31, 2022, the Bank did not hold any embedded derivatives disclosed in its financial statements.

2.6 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries and associates are accounted in the Bank's financial statements at their historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitization vehicles) controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, the variability in returns arising from its involvement with that entity and can seize them through the power it has over the relevant activities of that entity (de facto control).

Associates are entities over which the Bank has significant influence but does not exercise control over their financial and operating policy. The Bank is presumed to have significant influence when it holds more than 20% of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is presumed that it does not have significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence by the Bank is usually demonstrated in one or more of the following:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Bank and the investee;
- interchange of management personnel; and
- provision of essential technical information.

Impairment

The recoverable amount of investments in subsidiaries and associates is assessed whenever there are signs of impairment. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries or associates and their book value. The identified impairment losses are recorded in the income statement and are subsequently reversed through profit or loss if there is a reduction in the estimated loss amount, in a subsequent period. The recoverable amount is determined based on the higher of the value in use of the assets and the fair value less costs to sell, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, time value of money and business risks.

2.7 Equity instruments

A financial instrument is classified as an equity instrument when it meets the definition of equity from the issuer's perspective, i.e., there is no contractual obligation for its settlement to be made by delivering cash or another financial asset to a third party, regardless of its legal form, evidencing a residual interest in the assets of the issuing entity after deducting all of its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Income from equity instruments (dividends) is recognized when the right to receive it is established and are deducted to equity.

2.8 Intangible assets and Other tangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that future economic benefits will flow from the asset and iii) the cost of the asset can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to IT software, are recorded at acquisition costs, and are amortized on a straight-line basis over a three-year period.

Property, plant and equipment is recorded at cost of acquisition less accrued amortization and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The acquisition cost of property, plant and equipment comprises the purchase price of the asset, expenses directly attributable to its acquisition and costs incurred in preparing the asset to be ready for its intended use. Financial costs incurred with loans obtained for the construction of qualifying tangible fixed assets are recognized as part of the construction cost of the asset.

Land is not depreciated.

Depreciation is calculated on a straight-line basis, according to the useful life estimated by the Bank, which corresponds to the following years of useful life:

	Years of useful life
Real Estate for own use (Buildings)	50
Improvements in leased buildings	10
Equipment:	
Furniture and material	10
IT equipment	3
Indoor facilities	10
Transport equipment	3 and 5
Machines and tools	6 and 7
Automatic data processing system (Software)	3

As mentioned in Note 2.18, this caption includes right-of-use assets arising from lease agreements.

2.9 Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale when their book value is intended to be realized mainly through a sale transaction rather than through their continued use in the Bank's activities.

The value of assets received as payment in kind is initially recorded at the lower of the fair value net of selling costs and the book value of the loan at the date the payment in kind was made.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognized as income for the period, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognized as a cost for the period.

Assets recorded under this caption are not amortized and are valued at the lower of book value and fair value. The fair value of these assets is determined based on periodic valuations performed by independent valuers. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Impairment of other assets, net of reversals and recoveries.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

2.10 Impairment of non-financial assets

When there are signs that an asset may be impaired, IAS 36 requires that its recoverable amount is estimated, and an impairment loss shall be recognized whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement and are reversed in subsequent reporting periods, when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not exceed the book value that would be accounted, had no impairment losses been allocated to the asset, considering its depreciation.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of derecognition of a non-financial asset, the gain or loss calculated as the difference between the fair value less costs to sell and the net book value is recognized in the income statement under Net gains/(losses) on sale of other assets.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, Cash and cash equivalents comprise balances with less than three months’ maturity from the balance sheet date, including Cash and deposits at central banks and Deposits at other credit institutions (Notes 4 and 5), and do not include impairment losses.

2.12 Dividends

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed. Dividends are recorded under Net gains/(losses) on financial operations, Net gains/(losses) on other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.13 Commissions

Income from services and commissions is recognized as revenue from customer agreements to the extent that the performance obligations are satisfied:

- when they are obtained as the services are rendered, their recognition in profit or loss is made in the period to which they relate; and
- when they result from the rendering of services, their recognition is made when that service is completed.

When they are an integral part of the effective interest rate of a financial instrument, the income resulting from services and commissions are recorded in net interest income.

2.14 Employee benefits

Short-term benefits are reflected under Staff costs in the period to which they relate, in accordance with the accrual accounting principle.

The Bank grants variable remuneration to its employees and directors as a result of their performance (performance bonus). The Executive Committee of the Board of Directors is responsible for establishing the respective allocation criteria for each employee, and the Remuneration Committee is responsible for establishing the criteria at director level. The variable remuneration paid to employees and directors is recorded against profit or loss in the period to which they relate, although payable in the following year (Note 25).

In November 2022, Order no. 3923/22 ((Official Gazette) no. 123 of Series II) published the Addendum to the BFA Pension Fund and the New Pension Plan. The new Pension Plan defines a mixed contribution system between the Associate (BFA) and the Employees and establishes the associate's rate at 7.5% on the pensionable salary, also defining a variable employee contribution between 2.5% and 10% on the pensionable salary.

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognized as an expense for the period when due (Note 25).

Employment termination benefit

This type of benefit is recognized when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognizes a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognizes the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.15 Income tax and other taxes

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the period, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future periods according to the applicable tax laws (Corporate Tax Code).

Deferred tax

Deferred tax corresponds to the impact on tax recoverable/payable in future periods resulting from deductible or taxable temporary differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force at the financial reporting date, and which is estimated to be applicable on the date of realization of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognized up to the amount by which it is probable that future taxable income will exist, to allow for the use of the corresponding deductible temporary differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial Tax

As at December 31, 2023, the Bank is subject to an Industrial Tax under the terms of the General Tax System. The taxation of its income is carried out under the terms of Law No. 26/20, of 20 July (which revoked Law No. 19/14, of 22 October) and, currently, the applicable tax rate is 35%.

The income from public debt securities, resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, whose issue is regulated by the Framework Law of Direct Public Debt (Law No. 16/02, of December 5) and by Regulatory Decrees No. 51/03 and 52/03, of July 8, as well as the other income obtained by the Bank subject to Capital Gains Tax (IAC), are exempt from Corporate Tax, in accordance with the provisions of Article 47(1)(b) of the Corporate Tax Code. This article expressly states that in order to determine the taxable amount, income or gains subject to IAC must be deducted from the net profit calculated under the terms of the previous articles.

Moreover, this law enshrined, among other changes, the eligibility for tax purposes of favorable and unfavorable exchange rate variations as accepted income and costs for tax purposes, respectively. Likewise, provisions/impairment on secured loans are no longer accepted as a cost, except for the part not covered.

In addition, the Industrial Tax is subject to provisional assessment in a single installment to be made by the end of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to capital gains tax (taxpayers who have presented losses in the previous year are exempt from the provisional assessment).

Tax returns are subject to review and correction by tax authorities for 5 (five) years, which may result in possible amendments to the taxable income for the years 2018 to 2023.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the tax treatment applicable under the legislation issued. In situations where the tax interpretation is questioned by the Tax Authorities (AGT), Management reassesses the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected amount of tax assets or liabilities to be recorded.

Capital Gains Tax (IAC)

The new IAC Code, approved by Presidential Legislative Decree No. 2/2014, of October 20, came into force on November 19, 2014.

The IAC is generally levied on income from the Bank's financial investments. The rate varies between 5% (in the case of interest received on debt securities which are admitted to trading on a regulated market and which have a maturity of three years or more) and 15%.

Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the AGT and the Banco Nacional de Angola addressed to the Angolan Banks Association (in Portuguese, Associação Angolana de Bancos) (letter from the Banco Nacional de Angola dated September 26, 2013), only income arising from securities issued on or after January 1, 2013, are subject to this tax.

This income from Treasury Bonds and Treasury Bills, issued by the Angolan State after January 1, 2013, is subject to IAC at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and which have a maturity of three years or more).

On August 1, 2013, the automation process to withhold tax was initiated, by the BNA, in respect of IAC, in accordance with the provisions of Presidential Legislative Decree No. 5/11, of December 31.

IAC is generally levied on the income from the securities identified above and is withheld by the Bank. For these reasons, the Bank considers that the conditions to consider IAC as an income tax under IFRS are fulfilled.

Value Added Tax (VAT)

Law No. 7/19 introduced VAT, which has been in force since October 1, 2019, repealing the Consumption Tax Regulation (IC) and introducing relevant amendments to the Stamp Duty Code (IS).

Under the terms of the VAT Code approved by Law No. 7/19 and the amendments introduced by Law No. 17/19 of August 13, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods.

Nevertheless, the VAT Code provides for the exemption of certain transactions, including the exemption applied to financial intermediation transactions, including those described in Annex III to this Code, except those which give rise to the payment of a specific and predetermined fee or consideration for their performance. This exemption does not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with exempt transactions.

It should be noted that the VAT rate in force in Angola, applicable to transactions subject and not exempt from VAT, is 14%. Additionally, and in accordance with Article 21(2) of the VAT Code, commercial banks must withhold 50% of the tax included in the invoice or equivalent document issued by the taxpayer at the time of transfer of goods or rendering of services (except for the transfers of goods or services listed as excluded from this withholding tax). In this regard, the withholding of this tax must be made in the periodic VAT return for the month in which this tax becomes chargeable under the terms of Article 21(3) of the VAT Code (i.e., upon receipt of the respective invoice or equivalent document by the entities subject to the withholding VAT system).

However, Instruction No. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, has clarified those transfers of goods to any withholding entities whose payment is made by debit in the account, with the exception of the State, are exempt from withhold. Examples of these situations are transfers of goods within the scope of banking and financial operations in which the Institutions debit the customer's account, namely: (i) the transfer of leased assets to the respective lessee when the stipulated purchase option is exercised, as well as (ii) the sale of point-of-sale (POS) systems as part of the institutions' provision of payment card acceptance services to their customers.

Under the terms of Article 10(1) of the VAT Code, for the purposes of this tax, and generally, the rendering of services takes place within the national territory when the purchaser has domicile, head office or fixed establishment therein for which the services are acquired. In this context, Article 29(2) of the VAT Code, in conjunction with Article 2(1)(d) of the same tax compendium, provides for a reverse charge mechanism, whereby "whenever the purchaser is a taxable person, the tax is payable by that purchaser, in respect of services rendered within national territory, under Article 10 of the VAT Code, where the service provider is a non-resident taxable person and does not have a fixed establishment in national territory", i.e., the purchaser, a VAT taxpayer in Angola, must (self)assess the Angolan VAT due on the rendering of services in Angola, when these are rendered by non-resident suppliers.

Moreover, considering the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e., transactions subject to VAT) and transactions which do not grant the right to deduct (i.e., transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method.

Nevertheless, the Bank, as a taxable person subject to the general VAT system, may, under the terms of Article 27(2) of the VAT Code, adopt the actual allocation method regarding the VAT incurred on goods for sale. This method of deduction consists of the possibility of deducting all the tax incurred in the acquisition of goods in transactions which give rise to a right to deduct but excludes the possibility of deducting the tax incurred in transactions which do not give rise to this right, under the terms of Articles 22 and 24 of the VAT Code. The goods whose tax may be deducted according to the actual use method are subject to prior authorization by the Tax Authorities. Additionally, Instruction No. 000003/DNP/DSIVA/AGT/2020, referred to below, established that credit institutions may adopt the actual allocation method to deduct the VAT incurred on the acquisition of goods and services "exclusively used" to carry out:

I. Financial lease operations;
II. Financial operations carried out by institutions without head office or permanent establishment in national territory ("correspondent banks") for Angolan institutions;
III. Operations covered by the provisions of Article 6(3) of the VAT Code, namely the re-invoicing of goods and/or services acquired by the institutions in their own name, but on behalf of third parties, to whom the respective goods and/or services are re-invoiced, with a view to obtaining a refund (cost recovery).

For the purposes of VAT deduction according to the mentioned method, credit institutions must prepare a letter addressed to the VAT Services Department (in Portuguese, Direcção dos Serviços do IVA), requesting the amendment of the statement on the commencement of operations, as well as the respective compliance with the obligations foreseen in the VAT Code regarding the accounting record of the operations, in order to allow the control of the operations whose tax was deducted according to the actual allocation method.

Moreover, the Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents (in Portuguese, Regime Jurídico das Facturas e Documentos Equivalentes (RJFDE)), in force since April 2019. Within this scope, the economic agents with a turnover equal or superior to Kwanzas equivalent to USD 250 thousand must issue the invoices or equivalent documents through a certified invoicing system.

Property Tax

In accordance with the provisions of Law No. 20/20, published on July 9, which approved the new Property Tax Code and revoked the previous law, the Bank withholds Property Tax at a rate of 15% (considering that the taxable amount of these properties corresponds only to 60% of the value of the rents received during the year, since the applicable tax rate is 25%), on the payment or delivery of rents on rented property, with the exception of land for construction, for which Property Tax will be due at a rate of 0.6% of the asset value.

Property Tax will be due on non-rented property in accordance with the following ranges:
- A rate of 0.1% on the asset value, applicable to real estate with an asset value below AOA 5,000,000;
- A fixed value of AOA 5,000 for properties with an asset value above AOA 5,000,000 and below AOA 6,000,000;
- A rate of 0.5% on the asset value exceeding AOA 5,000,000, applicable to real estate with an asset value above AOA 6,000,000.

In the transfer with or without consideration of property, the taxable amount corresponds to the asset value as stated in the land registry at the date of transfer, the value determined by evaluation, in the case of an omitted building, or the declared value, whichever is greater. The transfer of real estate assets is subject to property tax at the rate of 2%, the charge and liability for settlement of which should fall on the Bank whenever it acts as purchaser.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, stamp duty, labor income tax, as well as other taxes.

2.16 Provisions and contingent assets and liabilities

Provisions

A provision is set up when there is a present obligation (legal or constructive) as a result of a past event for which the future outflow of resources is probable and can be reliably measured. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision in question.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - Provisions, contingent liabilities and contingent assets.

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

Provisions for loan commitments and financial guarantees provided are measured according to the impairment model implemented as described in Note 2.3.11.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate and are reversed against profit or loss in the proportion of the payments that are not probable.

Provisions are derecognized through their use for the obligations for which they were initially recognized or for the cases that the situations were no longer observed.

Contingent Assets

Contingent assets are not recognized in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources.

Contingent Liabilities

Contingent liabilities are not recognized in the financial statements but are covered by IAS 37 and disclosed whenever the possibility of an outflow of resources involving economic benefits is not remote. The Bank records a contingent liability when:

- i) it is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Bank's control; or,
- ii) it is a present obligation that arises from past events, but is not recognized because:
  - a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
  - b) the amount of the obligation cannot be measured with sufficient reliability.

Identified contingent liabilities are subject to disclosure unless the possibility of an outflow of resources embodying economic benefits is remote.

2.17 Financial and performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments in order to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognized in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies according to the counterparty risk, amount, and performance of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial commission received, considering that the agreed conditions are market conditions. Thus, the amount recognized on the contracting date equals the amount of the initial commission received, which is recognized in the income statement during the period to which it relates. Subsequent commissions are recognized in the income statement, in the period to which it relates.

Performance guarantees

Performance guarantees are contracts that result in one party being compensated if it fails to perform its contractual obligation. Performance guarantees are initially recognized at fair value, which is normally stated by the amount of commissions received over the life of contract. Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognized in Loans and advances to customers, following the transfer of the loss compensation to the guarantee beneficiary.

2.18 Leases

IFRS 16 sets out requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single accounting model for lease agreements that results in the recognition of a right-of-use asset and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognize the lease payments associated with those contracts as External supplies and services.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has low value, and the option of not applying this standard to leases of intangible assets has also been used.

Definition of a lease

A contract is or contains a lease if it conveys the right to control the use of an identified asset, that is, obtaining substantially all of the economic rewards of its use, and the right to direct the use of that identified asset, for a certain period of time in exchange for consideration.

Impacts from the lessee's perspective

The Bank recognizes for all leases, except for leases with a period of less than 12 months or for leases of low-value assets:

- a right-of-use asset, initially measured at cost, considering the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be incurred by the lessee in dismantling and removing the underlying asset and/or restoring the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each agreement and to impairment tests);
- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:
- fixed payments, less leasing incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;
- the amounts payable by the lessee as residual value guarantees;
- the exercise price of a call-option, if the lessee is reasonably certain to exercise that option; and
- sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

The lease liability is measured at amortized cost using the effective interest rate method.

Given that an interest rate implicit in the lease cannot be readily determined (paragraph 26 of IFRS 16), the lease payments are discounted at the lessee's incremental borrowing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease agreement. For open-ended contracts, this date is considered to be the end date of the lease. For other open-ended contracts, the period within which the lease will be enforceable is assessed, as well as any economic penalties associated with the lease. When assessing enforceability, the specific clauses of the contracts are considered, as well as the legislation in force regarding Urban Leases.

Subsequently, the lease liability is measured as follows:

- by an increase in its carrying amount to reflect interest thereon;
- by a decrease in its carrying amount to reflect lease payments; and
- the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments fixed in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the right-of-use asset whenever:

- there is a change in the lease term or in the assessment of a call-option over the underlying asset, in which case the lease liability is remeasured, discounting the revised lease payments, and using a revised discount rate;
- there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from the change in an index or rate used to determine those payments, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
- a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are depreciated from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Bank will exercise a call-option, the right-of-use asset should be depreciated/amortized from the lease start date until the end of the useful life of the underlying asset.

The estimated useful life of the right-of-use assets is determined following the same principles as for Property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted by certain remeasurements of the lease liability.
Depreciation/amortization begins on the date the lease takes effect.

Accounting for leases from the lessee's perspective in the Bank's financial statements is as follows:

In the income statement:

- the interest expense on lease liabilities is recorded under Net interest income;
- the amounts relating to short-term lease agreements and lease agreements for low-value assets are recorded under Other administrative expenses; and
- the cost of depreciation of right-of-use assets is recorded under Depreciation and amortization for the period. In the balance sheet:
- right-of-use assets recognized under Property, plant and equipment; and
- the value of lease liabilities recorded under Other liabilities.

Impact from the lessor's perspective

As at 31 December 2023 and 31 December 2022, the Bank has no lease agreements in which it is the lessor.

2.19 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of own shares held by the Bank.

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion into shares decreases earnings per share.

If earnings per share change as a result of an issue with a premium or discount or other event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively (see Note 19).

2.20 Subsequent events

The Bank analyzes events that occur after the balance sheet date, i.e., favorable and/or unfavorable events that occur between the balance sheet date and the date on which the financial statements were authorized for issue. In this context, two types of events can be identified:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered as adjustable events, if material, are disclosed in the notes to the financial statements.

3. MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the Bank's reported results and their disclosure, considering the context of uncertainty resulting from the impact of the devaluation of the functional currency. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different should a different treatment be chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements give a true and fair view of the Bank's financial position and the result of its operations in all material respects.

3.1 Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

Determining impairment losses for financial instruments involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:
Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for Stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for Stage 2 and 3 assets. An asset is classified as Stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

b) Definition of groups of assets with common credit risk characteristics:
When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

c) Probability of default:
The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given period, which is calculated based on historical data, assumptions, and expectations about future conditions.

d) Loss given default:
Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, either through the cash flows generated by the customer's business or loan collateral. The calculation of the estimated loss given default is based, among other aspects, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collaterals associated with loan operations.

This assessment is performed using internal and external information and includes the use of assumptions and judgments in its modeling, the change of which could determine different results.

Consequently, the use of different methodologies or different assumptions or judgments in measuring impairment could lead to different results from those reported and summarized in Notes 6, 8, 9 and 30.

Finally, the Bank considers that the impairment determined based on this methodology allows an adequate reflection of the risk associated to its financial assets, considering the rules established by IFRS 9 - Financial Instruments.

3.2 Fair value of derivative financial instruments and other financial assets and liabilities measured at fair value

Fair value is based on market quotations, when available, and, in their absence, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could give rise to different financial results from those reported in Notes 7 and 30.4.

3.3 Provisions

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions, which are presented in Note 17.

Changes to these assumptions could have a significant impact on the values determined.

4. CASH AND DEPOSITS AT CENTRAL BANKS

As at 31 December 2023 and 31 December 2022, the caption Cash and deposits at Central Banks is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Cash		
National currency - banknotes and coins	21 416 760	22 604 555
Foreign currency - banknotes and coins		
In United States dollar	2 746 929	1 538 022
In Euro	2 179 124	1 108 194
In other currencies	555 764	292 435
	26 898 577	**25 543 206**
Deposits at Central Bank		
Demand deposits at the Banco Nacional de Angola (BNA)		
In national currency	153 175 534	120 949 495
In United States dollar	199 652 609	171 976 791
In other currencies	176 920 075	107 835 232
	529 748 218	**400 761 518**
TOTAL	**556 646 795**	**426 304 724**

Demand deposits at the BNA in national and foreign currency aim to comply with the provisions in force regarding the reserve requirement to be maintained and are not remunerated. As at 31 December 2023, the minimum reserve requirements amounted to AOA 100,838,260 thousand in national currency and AOA 297,515,264 thousand in foreign currency (2022: AOA 52,545,939 thousand and AOA 189,285,211 thousand, respectively).

As at 31 December 2023, the reserve requirements are calculated in accordance with the provisions of BNA Instruction No. 04/2023 of 30 March 2023, and BNA Directive No. 12/2023 of 28 November 2023. The currencies for compliance with the minimum reserve requirements in Foreign Currency are the US Dollar, the Euro and the South African Rand, in accordance with Directive 03/DME/2023 of 6 February 2023.

As at 31 December 2023, the reserve base period for calculating reserve requirements in national currency (NC) and foreign currency (FC) is every two weeks.

The reserve requirement in national currency is set at 17% for items that comprise the reserve base, as defined in paragraph 2 of Instruction No. 04/2023 of 30 March, and 18% for the balances of local governments and municipal administrations, to be applied to the average fortnightly balances of the reserve base.

The reserve requirement in foreign currency was set at 22%, to be applied to the average weekly balances of items that comprise the reserve base, as defined in paragraph 2 of Instruction no. 04/2023 of March 30, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

Directive No. 12/2023 provides that in relation to the reserve requirements in national and foreign currency, the balances of deposit accounts in foreign and national currency, opened at the Banco Nacional de Angola on behalf of each banking credit institution, are eligible. The following assets are eligible for compliance with the reserve requirement in foreign currency:

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Credit Institution. Deducted from the corresponding 100% (one hundred percent) of the deposits on behalf of the Central Government held in the credit institution.

The following are also eligible to meet the minimum reserve requirements:

- 80% (eighty percent) of the assets representing the value of loan disbursements in national currency, relating to projects in the agriculture, livestock, forestry and fishing sectors, granted until April 14, 2021, provided that they have a residual maturity equal to or greater than 24 (twenty-four) months; and
- 100% (one hundred percent) of the loans, defined in accordance with the provisions of Article 8, of Notice no. 10/2020, of April 6, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity; and
- Loans defined in accordance with the provisions of Article 10 of Notice No. 09/2022, of April 6, on the granting of mortgages, whatever the residual maturity.

As at 31 December 2022, reserve requirements were calculated in accordance with BNA Instruction No. 02/2021, of 10 February 2021, and Directive No. 11/2022, of 12 December 2022.

As at 31 December 2022, the reserve base period for calculating reserve requirements in national currency (NC) and foreign currency (FC) was weekly.

The reserve requirement in national currency is set at 17%, for items that comprise the reserve base, as defined in paragraph 2 of Instruction No. 02/2021, of 10 February, and for the balances of local governments and municipal administrations, to be applied to the average weekly balances of the reserve base.

The reserve requirement in foreign currency is set at 22%, to be applied to the average weekly balances of items that comprise the reserve base, as defined in paragraph 2 of Instruction no. 02/2021 of 10 February, and at 100% for the balances of local governments and municipal administrations, to be applied to the daily balances of the accounts.

Directive No. 11/2022 provides that in relation to the reserve requirements in national and foreign currency, the balances of deposit accounts in foreign and national currency, opened at the Banco Nacional de Angola on behalf of each banking credit institution, are eligible. The following assets are eligible to meet reserve requirement in foreign currency:

- The balance of the foreign currency deposit account, opened at the Banco Nacional de Angola, on behalf of each Banking Credit Institution. Deducted from the corresponding 100% (one hundred percent) of deposits on behalf of the Central Government held at the financial institution.

The following were also eligible to meet the minimum reserve requirements:

- 80% (eighty percent) of the assets representing the value of loan disbursements in national currency, relating to projects in the agriculture, livestock, forestry and fishing sectors, granted until 14 April 2021, provided that they have a residual maturity equal to or greater than 24 (twenty-four) months;
- 100% (one hundred percent) of the loans, defined in accordance with the provisions of Article 8, of Notice no. 10/2020, of 6 April, on Granting Credit to the Real Sector of the Economy, whatever the residual maturity; and
- Loans defined in accordance with the provisions of Article 10, of Notice No. 09/2022, of 6 April, on the granting of mortgages, whatever the residual maturity.

In accordance with Instruction No. 08/2021, the Banking Credit Institutions must deposit the amount corresponding to the total Balances of the Central Government, recorded in their trial balances in specific accounts opened at the Banco Nacional de Angola, at the close of each working day, by 8 a.m. of the following business day, in the same currencies in which those balances are recorded.

5. LOANS AND ADVANCES TO OTHER CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, the caption Loans and advances to credit institutions is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Demand deposits	41 635 446	24 125 503
Accumulated impairment losses (Note 17)	(4 180)	(3 444)
	41 631 266	**24 122 059**

The reconciliation of changes in the gross book value and impairment losses per stage of impairment of Loans and advances to credit institutions is presented below:

Amounts expressed in thousand of Kwanzas

	2023/12/31 Stage 1	
	Book value	Impairment losses
Balance on 1 January 2023	**24 125 503**	**3 444**
Originated or acquired financial assets	2 045 510	(1 954)
Change in exchange rates and other movements	15 464 433	2 690
Balance on 31 December 2023	**41 635 446**	**4 180**

Amounts expressed in thousand of Kwanzas

	2022/12/31 Stage 1	
	Book value	Impairment losses
Balance on 1 January 2022	**23 212 633**	**7 570**
Originated or acquired financial assets	467 565	(3 579)
Change in exchange rates and other movements	445 305	(547)
Balance on 31 December 2022	**24 125 503**	**3 444**

As at 31 December 2023 and 31 December 2022, the balance, net of impairment, by currency under Loans and advances to credit institutions is detailed as follows:

Amounts expressed in thousand of Kwanzas

Assets / (Liabilities)	2023/12/31	2022/12/31
In Dollars	21 717 823	10 910 881
In euros	15 331 017	11 171 963
In other currencies	4 582 426	2 039 215
	41 631 266	**24 122 059**

6. OTHER LOANS AND ADVANCES TO CENTRAL BANKS AND CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, the caption Other loans and advances to central banks and credit institutions is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Other loans and advances to credit institutions abroad:		
In United States Dollars	610 262 015	386 330 997
In Euro	74 561 586	42 995 040
In Pound Sterling	8 432 968	4 858 872
	693 256 569	**434 184 909**
Other loans and advances to central banks		
In Kwanzas	198 021 408	285 558 170
	198 021 408	285 558 170
	891 277 977	719 743 079
Income receivable	10 599 657	6 624 998
	901 877 634	726 368 077
Accumulated impairment losses (Note 17)	(375 124)	(320 964)
	901 502 510	**726 047 113**

As at 31 December 2023 and 31 December 2022, the residual maturities of Other loans and advances to credit institutions abroad were as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Up to 3 months	798 548 255	719 743 079
3 to 6 months	44 545 023	-
More than six months	48 184 699	-
	891 277 977	719 743 079

Other loans and advances to central banks refer to reverse repos, which are accounted for in accordance with the accounting policy described in Note 2.4.

As at 31 December 2023 and 31 December 2022, Other loans and advances to credit institutions earned interest at the following annual weighted average rates:

	2023/12/31	2022/12/31
In United States Dollars	5,18%	4,10%
In Euros	3,58%	1,33%
In Kwanzas	9,58%	10,08%
In Pound Sterling	4,75%	2,95%

The reconciliation of changes in the book value and impairment losses per stage of Other loans and advances to central banks and credit institutions is presented below:

Amounts expressed in thousand of Kwanzas

	2023/12/31 Stage 1	
	Book value	Impairment losses
Balance on 1 January 2023	**726 368 077**	**320 964**
Originated financial assets	898 336 170	216 020
Derecognised financial assets	(726 368 077)	(320 964)
Changes in exchange rates and other movements	3 541 464	159 104
Balance on 31 December 2023	**901 877 634**	**375 124**

Amounts expressed in thousand of Kwanzas

	2022/12/31 Stage 1	
	Book value	Impairment losses
Balance on 1 January 2022	**556 679 547**	**353 978**
Originated financial assets	722 364 690	351 771
Derecognised financial assets	(556 679 547)	(353 978)
Changes in exchange rates and other movements	4 003 387	(30 807)
Balance on 31 December 2022	**726 368 077**	**320 964**

7. FINANCIAL ASSETS AND AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2023 and 31 December 2022, Financial assets at fair value through profit or loss is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury Bonds in national currency:						
Not indexed	AOA	16,35%	35 386 500	36 920 367	2 090 225	39 010 592
Derivatives	AOA	-	13 599 670	743 747	-	743 747
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	2 998 452	-	2 998 452
EMIS	AOA	-	-	3 277 888	-	3 277 888
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	47 004	-	47 004
Participation units	AOA	-	-	409 811	-	409 811
			48 986 170	**44 397 606**	**2 090 225**	**46 487 831**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Currency	Average interest rate	Nominal value	Fair value	Accrued interest	Book value
Debt securities						
Treasury Bonds in national currency:						
Not indexed	AOA	17,40%	89 626 400	97 150 250	4 262 593	101 412 843
Derivatives	AOA	-	768 058	372 018	-	372 018
Equity instruments						
Visa Incl. - Class C (Series I)	USD	-	-	1 454 172	-	1 454 172
EMIS	AOA	-	-	1 370 672	-	1 370 672
IMC – Instituto de mercado de capitais	AOA	-	-	337	-	337
SWIFT	EUR	-	-	27 579	-	27 579
Participation units	AOA	-	-	193 687	-	193 687
			90 394 458	**100 568 715**	**4 262 593**	**104 831 308**

Debt securities

As at 31 December 2023 and 31 December 2022, the Bank holds Treasury Bonds issued by the Angolan State to be traded on the secondary market with other banks, or with its customers.

Equity instruments

As at 31 December 2023, the equity securities portfolio recorded at fair value through profit or loss, refers to:

Shares
- 13,896 Class C (Series I) shares of Visa Inc. (2022: 13,896 shares);
- Shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (18.81%) (2022: 18.81%);
- Shareholding in IMC – Instituto de Mercado de Capitais (2%) (2022: 2%);

Participation Units in Funds as at 31 December 2023:
- 5,529 (0.06%) participation units in Fundo BFA Oportunidades XIX;
- 14,584 (0.26%) participation units in Fundo BFA Oportunidades XVII;
- 138,443 (1.26%) participation units in Fundo BFA Oportunidades XVIII;
- 133,290 (1.33%) participation units in Fundo BFA Oportunidades XVI;
- 17,180 (0.11%) participation units in Fundo BFA PRIVATE V;
- 100,784 (3.36%) participation units in Fundo BFA Futuro.

Participation units in Funds as at 31 December 2022:
- 26,600 (0.27%) participation units in Fundo BFA Oportunidades XI;
- 14,080 (0.14%) participation units in Fundo BFA Oportunidades XII;
- 100,427 (1.00%) participation units in Fundo BFA Oportunidades XVI;
- 36,031 (0.64%) participation units in Fundo BFA Oportunidades XVII;
- 97,143 (0.88%) participation units in Fundo BFA Oportunidades XVIII;
- 6,734 (0.07%) participation units in Fundo BFA Flash; and
- 118,377 (3.95%) participation units in Fundo BFA Futuro.

EMIS

As at 31 December 2023, the shareholding corresponded to 18.81% of the share capital of EMIS. EMIS was incorporated in Angola with the function of managing electronic means of payment and complementary services.

In the period ended 31 December 2023, the Company did not distribute any dividends.

Derivatives

As at 31 December 2023 and 31 December 2022, the caption Derivatives - Currency forwards is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Financial assets at fair value through profit or loss		
Derivative financial instruments		
Positive fair value (assets)	743 747	372 018
	743 747	372 018
Financial liabilities at fair value through profit or loss		
Derivative financial instruments		
Negative fair value (liabilities)	(2 537 450)	(545 524)
	(2 537 450)	(545 524)
	(1 793 703)	**(173 506)**

As at 31 December 2023 and 31 December 2022, the derivative financial instruments correspond to currency forwards contracted with non-financial entities.

As at 31 December 2023 and 31 December 2022, the notional amounts of the currency forwards are recognized in off-balance sheet captions, in the amounts of AOA 7,703,799 thousand and AOA 18,658,343 thousand, respectively.

The valuation model for financial instruments is described in Note 30.4.

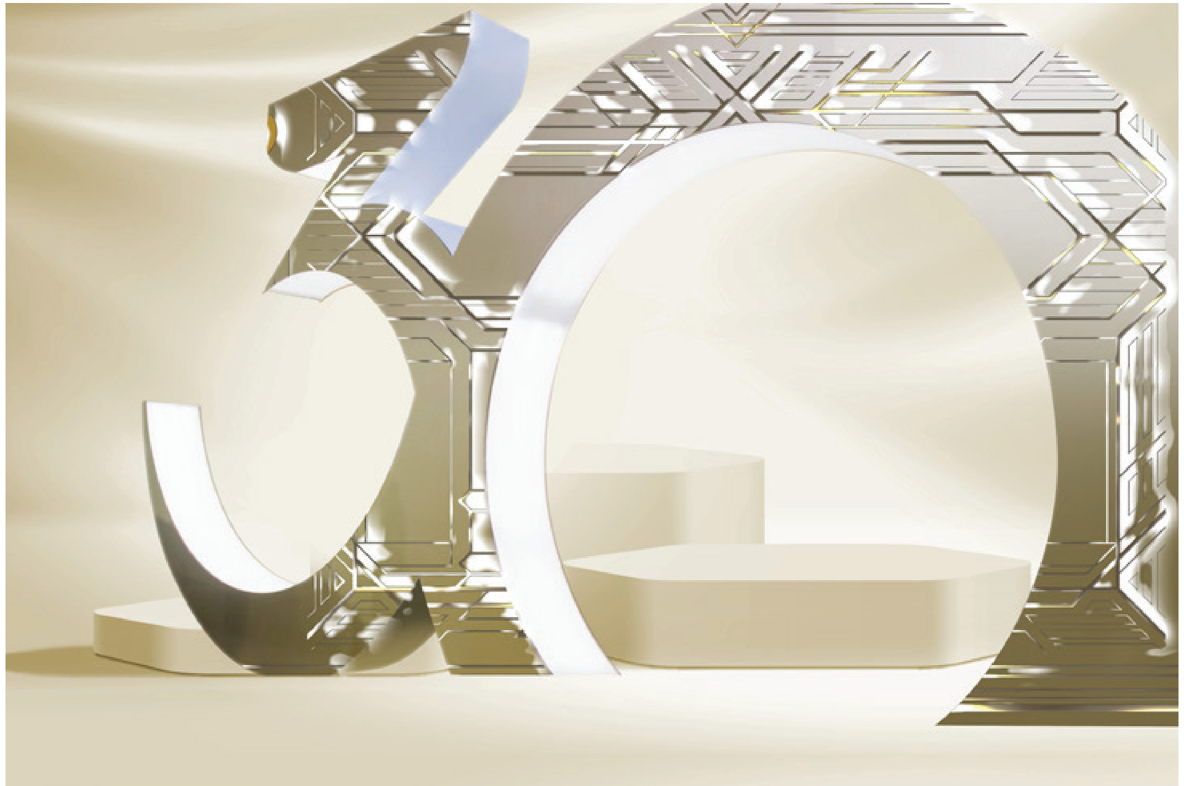
The maturities of the financial instruments under this caption are detailed in Note 30.2.

As at 31 December 2023 and 31 December 2022, changes in the fair value of debt securities recorded at fair value through profit or loss and the capital gains realized by the Bank, resulting from transactions in these securities are recorded under Net profit (losses) on financial assets and liabilities measured at fair value through profit or loss in the income statement.

Net profit/(losses) on financial assets and liabilities at fair value through profit or loss are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Net profit/(losses) on assets and liabilities at fair value through profit or loss		
Debt securities	(1 194 715)	12 911 643
Currency forwards	(1 620 198)	222 386
Equity instruments	2 439 156	(21 756)
Participation units	64 945	108 277
	(310 812)	**13 220 550**



8. INVESTMENTS AT AMORTIZED COST

As at 31 December 2023 and 31 December 2022, the caption Investments at amortized cost is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31											
	Internal risk level	Country	Currency	Nominal value	Acquistion cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	151 118 859	139 968 178	2 803 305	-	-	142 771 483	(716 910)	142 054 573	0,11%
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	625 194 100	590 371 435	33 071 851	-	29 379 922	652 823 208	(8 360 168)	644 463 040	17,04%
Treasury bonds in foreign currency	A	Angola	USD	189 952 672	155 038 818	13 723	34 913 854	2 693 228	192 659 623	(2 410 681)	190 248 942	5,35%
Treasury bonds in foreign currency	A	Portugal	USD	8 107 322	4 927 780	(44 233)	3 260 614	86 563	8 230 724	-	8 230 724	5,13%
Treasury bonds in foreign currency	A	United States	USD	8 801 027	5 349 427	319 037	2 923 538	12 376	8 604 378	-	8 604 378	0,38%
Eurobond	A	Angola	USD	97 020 157	62 581 552	656 236	26 932 584	601 883	90 772 255	(1 300 196)	89 472 059	8,23%
Other financial instruments												
Reverse Repos	A	Angola	AOA	327 001 802	327 001 802	-	-	2 126 424	329 128 226	(260 816)	328 867 410	10,01%
				1 407 195 939	**1 285 238 992**	**36 819 919**	**68 030 590**	**34 900 396**	**1 424 989 897**	**(13 048 771)**	**1 411 941 126**	

Amounts expressed in thousand of Kwanzas

	2022/12/31											
	Internal risk level	Country	Currency	Nominal value	Acquistion cost	Premium/ accrued discount	Changes in foreign exchange rates	Accrued interest	Gross value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bills in national currency	A	Angola	AOA	98 592 886	92 420 091	4 448 953	-	-	96 869 044	(219 321)	96 649 723	-
Treasury Bonds in national currency:												
Not indexed	A	Angola	AOA	668 673 200	562 590 149	73 257 112	-	26 986 483	662 833 744	(7 731 946)	655 101 798	16,65%
Treasury Bonds in foreign currency	A	Angola	USD	192 107 747	142 992 982	41 800	49 114 766	2 362 221	194 511 769	(2 192 529)	192 319 240	5,28%
Eurobond	A	Angola	USD	4 414 348	4 577 761	(106 558)	(163 414)	57 080	4 364 869	(68 022)	4 296 847	9,50%
				963 788 181	**802 580 983**	**77 641 307**	**48 951 352**	**29 405 784**	**958 579 426**	**(10 211 818)**	**948 367 608**	

In the period ended December 31, 2023 and 2022, the Bank sold Angolan sovereign debt securities recognized in the Investment portfolio at amortized cost, which were close to maturity and whose receivable amount corresponded approximately to the sale price. Therefore, as this is an infrequent transaction, the Board of Directors considers that it does not jeopardize the business model established.

This operation led to the recognition of a capital gain of AOA 8,508,936 thousand (2022: AOA 3,735,963 thousand).

In 2023, BFA contracted a set of short-term reverse repo operations with the Angolan state, negotiated through BODIVA. Given the nature of the operations, the Board of Directors recognizes their classification under Investments at amortized cost. Impairment recognized follows the model already implemented for other similar credit exposures.

The breakdown of investments at amortized cost, by residual maturity, is disclosed in Note 30.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortized cost are presented in Note 30.4.

As at 31 December 2023 and 31 December 2022, impairment losses for Treasury Bonds, Treasury Bills, Eurobonds and foreign treasury bonds were calculated based on the credit risk parameters provided by the international rating agency Moody’s.

The credit quality of the investment portfolio at amortized cost is disclosed in Note 30.1.

A reconciliation of the changes in the book value and stage impairment losses for investments at amortized cost is presented below:

Amounts expressed in thousand of Kwanzas

	2023/12/31	
	Stage 1	
	Book value	Impairment losses
Balance on 1 January 2023	**958 579 426**	**10 211 818**
Impact on profit or loss		
Financial assets purchased in the period/changes in credit risk	864 933 882	8 827 415
Other financial assets/changes in credit risk	-	(2 565 145)
Derecognised financial assets	(495 162 306)	(4 934 447)
Subtotal	**1 328 351 002**	**11 539 641**
Changes in exchanges rates and other movements	96 638 895	1 509 130
Balance on December 31, 2023	**1 424 989 897**	**13 048 771**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Stage 1		Stage 2		Total	
	Book value	Impairment losses	Book value	Impairment losses	Book value	Impairment losses
Balance on 1 January 2022	**950 296 520**	**10 935 771**	**190 962 276**	**2 536 850**	**1 141 258 796**	**13 472 621**
Impact on profit/(loss)						
Originated or acquired financial assets	351 177 597	4 178 005	-	-	351 177 597	4 178 005
Changes in credit risk	-	(1 239 583)	-	-	-	(1 239 583)
Derecognised financial assets	(367 597 859)	(2 911 912)	(190 962 276)	(2 536 850)	(558 560 135)	(5 448 762)
Subtotal	**933 876 258**	**10 962 281**	**-**	**-**	**933 876 258**	**10 962 281**
Changes in exchanges rates and other movements	24 703 168	(750 463)			24 703 168	(750 463)
Balance on December 31, 2022	**958 579 426**	**10 211 818**	**-**	**-**	**958 579 426**	**10 211 818**

As at 31 December 2023 and 31 December 2022, the impairment of investments at amortized cost is AOA 13,048,771 thousand and AOA 10,211,818 thousand, respectively (see Note 17).

9. LOANS AND ADVANCES TO CUSTOMERS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Loans falling due		
Credit cards	1 806 782	1 349 395
Consumer credit	82 008 441	70 672 424
Motor vehicle loans	76 005	29 688
Mortgages	22 093 697	22 278 423
Overdrafts	764 283	744 178
Corporate - less significant exposures	2 706 245	2 690 878
Corporate - significant exposures	275 454 938	238 414 400
State	190 144 611	114 991 966
Total loans falling due	**575 055 002**	**451 171 352**
Loans and interest overdue		
Credit cards	494 669	343 904
Consumer credit	3 085 764	2 295 161
Motor vehicle loans	-	1 160
Mortgages	591 888	1 436 749
Overdrafts	228 802	838 774
Corporate - less significant exposures	260 660	277 274
Corporate - significant exposures	7 275 956	9 343 584
Total loans and interest overdue	**11 937 739**	**14 536 606**
Total loans granted	586 992 741	465 707 958
Income receivable from loans granted	13 378 114	5 709 091
	600 370 855	471 417 049
Impairment for loans and advances (Note 17)	(50 268 076)	(53 991 485)
	550 102 779	417 425 564

As at 31 December 2023 and 31 December 2022, Loans and advances to customers earned interest at the following weighted average annual rates:

		2023/12/31	2022/12/31
AOA	In Kwanzas	16,12%	15,13%
USD	In United States Dollars	12,09%	9,02%
EUR	In Euros	7,00%	6,99%

As at 31 December 2023 and 31 December 2022, the group of ten largest debtors represents 64.02% and 56.05%, respectively, of the total loan portfolio (excluding guarantees provided and documentary credits).

In the periods ended 31 December 2023 and 31 December 2022, loans were written off in the amount of AOA 9,247,161 thousand and AOA 557,019 thousand (Note 17), respectively, in accordance with the criteria defined by the Bank.

In the periods ended 31 December 2023 and 31 December 2022, there were recoveries of loans and interest previously written off or written down from assets, in the amounts of AOA 342,381 thousand and AOA 331,428 thousand (Note 24), respectively.

The loan portfolio, by segment, presents the following structure:

Amounts expressed in thousand of Kwanzas

2023/12/31	Exposure												Impairment			
Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Loans in Stage3	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	2 301 451	1 063 289	-	-	813 274	12 120	-	-	424 888	-	-	-	456 222	16 804	64 772	374 646
Consumer credit	85 609 541	80 187 364	-	-	1 715 306	5 177	6 114	-	3 706 871	-	11 099	-	3 078 256	577 137	79 947	2 421 172
Motor vehicle loans	76 265	76 265	-	-	-	-	-	-	-	-	-	-	385	385	-	-
Mortgages	22 710 906	17 671 884	-	1 048 764	1 645 297	198	1 333 627	-	3 393 725	-	1 392 342	-	3 103 917	292 532	295 915	2 515 470
Overdrafts	993 085	568 220	-	-	280 341	45	-	-	144 524	-	-	-	175 960	34 949	39 013	101 998
Corporate - less significant exposures	3 032 181	2 259 752	-	-	351 385	4	157 811	-	421 044	-	87 636	-	393 677	84 275	103 902	205 500
Corporate - significant exposures	286 658 455	202 992 922	-	2 758 032	30 567 860	-	19 528 972	-	53 097 673	-	41 634 282	-	40 635 014	2 739 953	6 126 750	31 768 311
State	198 988 971	198 988 971	-	-	-	-	-	-	-	-	-	-	2 424 645	2 424 645	-	-
On-balance sheet exposure	**600 370 855**	**503 808 667**	**-**	**3 806 796**	**35 373 463**	**17 544**	**21 026 524**	**-**	**61 188 725**	**-**	**43 125 359**	**-**	**50 268 076**	**6 170 680**	**6 710 299**	**37 387 097**
Documentary credits and guarantees provided																
Corporate - less significant exposures	51 318 231	51 318 231	-	-	-	-	-	-	-	-	-	-	98 004	98 004	-	-
Corporate - significant exposures	59 800 340	59 664 063	-	-	136 277	-	-	-	-	-	-	-	276 841	276 745	96	-
Undrawn credit facilities	45 101 700	44 575 324	-	-	408 994	11 886	-	-	117 382	350	-	-	104 946	90 182	979	13 785
Off-balance sheet exposure	156 220 271	155 557 618	-	-	545 271	11 886	-	-	117 382	350	-	-	479 791	464 931	1 075	13 785
Total exposure	**756 591 126**	**659 366 285**	**-**	**3 806 796**	**35 918 734**	**29 430**	**21 026 524**	**-**	**61 306 107**	**350**	**43 125 359**	**-**	**50 747 867**	**6 635 611**	**6 711 374**	**37 400 882**

Amounts expressed in thousand of Kwanzas

2022/12/31	Exposure												Impairment			
Segment	Total exposure (including interest)	Loans in Stage 1	Of which no longer in default	Of which restructured	Loans in Stage 2	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Loans in Stage3	Of which no longer in default	Of which restructured	Of which purchased or originated credit impaired	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	1 693 299	1 272 097	-	-	109 212	-	-	-	311 990	-	-	-	347 107	47 913	21 925	277 269
Consumer credit	73 418 955	68 441 728	-	-	2 147 502	406	-	-	2 829 725	-	26 064	-	2 618 627	610 332	101 052	1 907 243
Motor vehicle loans	30 947	28 707	-	-	-	-	-	-	2 240	-	-	-	1 448	287	-	1 161
Mortgages	23 738 555	17 071 868	-	1 304 532	1 119 971	-	726 871	-	5 546 716	-	2 130 930	-	4 874 797	358 888	235 392	4 280 517
Overdrafts	1 582 952	500 176	-	-	304 149	-	-	-	778 627	-	-	-	463 880	6 895	9 855	447 130
Corporate - less significant exposures	3 029 056	2 480 759	-	-	140 392	-	86 113	-	407 905	-	159 997	-	218 823	54 737	9 294	154 792
Corporate - significant exposures	249 716 374	172 355 420	-	2 631 185	24 285 792	-	23 356 162	-	53 075 162	-	42 334 764	-	44 136 284	4 068 571	6 512 769	33 554 944
State	118 206 911	104 890 489	-	-	13 316 422	-	-	-	-	-	-	-	1 330 519	1 255 481	75 038	-
On-balance sheet exposure	**471 417 049**	**367 041 244**	**-**	**3 935 717**	**41 423 440**	**406**	**24 169 146**	**-**	**62 952 365**	**-**	**44 651 755**	**-**	**53 991 485**	**6 403 104**	**6 965 325**	**40 623 056**
Documentary credits and guarantees provided																
Corporate - less significant exposures	25 441 636	25 441 636	-	-	-	-	-	-	-	-	-	-	23 284	23 284	-	-
Corporate - significant exposures	51 187 927	50 972 173	-	-	215 754	-	-	-	-	-	-	-	486 797	482 265	4 532	-
Undrawn credit facilities	41 513 020	40 910 637	-	-	338 664	750	-	-	263 719	-	-	-	151 244	102 607	2 951	45 686
Off-balance sheet exposure	118 142 583	117 324 446	-	-	554 418	750	-	-	263 719	-	-	-	661 325	608 156	7 483	45 686
Total exposure	**589 559 632**	**484 365 690**	**-**	**3 935 717**	**41 977 858**	**1 156**	**24 169 146**	**-**	**63 216 084**	**-**	**44 651 755**	**-**	**54 652 810**	**7 011 260**	**6 972 808**	**40 668 742**

The loan portfolio and impairment by range of days past due presents the following structure:

Amounts expressed in thousand of Kwanzas

2023/12/31	Exposure								
	Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures credit impaired (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	1 063 289	-	-	747 323	65 951	-	19 089	9 078	396 721
Consumer credit	80 187 364	-	-	1 340 103	375 203	-	109 343	39 116	3 558 412
Motor vehicle loans	76 265	-	-	-	-	-	-	-	-
Mortgages	17 671 884	-	-	1 358 311	185 635	101 351	1 024 199	146 893	2 222 633
Overdrafts	568 220	-	-	190 022	87 757	2 562	6 042	1 414	137 068
Corporate - less significant exposures	2 259 752	-	-	236 122	115 225	38	16 610	30 771	373 663
Corporate - significant exposures	202 992 922	-	-	30 567 838	22	-	42 466 285	1 203 658	9 427 730
State	198 988 971	-	-	-	-	-	-	-	-
On-balance sheet exposure	**503 808 667**	**-**	**-**	**34 439 719**	**829 793**	**103 951**	**43 641 568**	**1 430 930**	**16 116 227**
Documentary credits and guarantees provided									
Corporate - less significant exposures	51 318 231	-	-	-	-	-	-	-	-
Corporate - significant exposures	59 664 063	-	-	136 277	-	-	-	-	-
Undrawn credit facilities	**44 575 324**	**-**	**-**	**354 950**	**54 044**	**-**	**79 524**	**2 577**	**35 281**
Off-balance sheet exposure	**155 557 618**	**-**	**-**	**491 227**	**54 044**	**-**	**79 524**	**2 577**	**35 281**
Total exposure	**659 366 285**	**-**	**-**	**34 930 946**	**883 837**	**103 951**	**43 721 092**	**1 433 507**	**16 151 508**

Amounts expressed in thousand of Kwanzas

2023/12/31	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without asignificant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures credit impaired (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	16 804	-	-	45 562	19 210	-	14 386	6 557	353 703
Consumer credit	577 137	-	-	17 522	62 425	-	62 293	17 448	2 341 431
Motor vehicle loans	385	-	-	-	-	-	-	-	-
Mortgages	292 532	-	-	207 162	56 400	32 353	744 703	112 540	1 658 227
Overdrafts	34 949	-	-	18 902	19 459	652	4 514	1 037	96 447
Corporate - less significant exposures	84 275	-	-	60 924	42 964	14	10 534	16 538	178 428
Corporate - significant exposures	2 739 953	-	-	6 126 750	-	-	24 582 860	402 412	6 783 039
State	2 424 645	-	-	-	-	-	-	-	-
On-balance sheet exposure	**6 170 680**	**-**	**-**	**6 476 822**	**200 458**	**33 019**	**25 419 290**	**556 532**	**11 411 275**
Documentary credits and guarantees provided									
Corporate - less significant exposures	98 004	-	-	-	-	-	-	-	-
Corporate - significant exposures	276 745	-	-	96	-	-	-	-	-
Undrawn credit facilities	**90 182**	**-**	**-**	**922**	**57**	**-**	**9 296**	**273**	**4 216**
Off-balance sheet impairment	**464 931**	**-**	**-**	**1 018**	**57**	**-**	**9 296**	**273**	**4 216**
Total impairment	**6 635 611**	**-**	**-**	**6 477 840**	**200 515**	**33 019**	**25 428 586**	**556 805**	**11 415 491**

Amounts expressed in thousand of Kwanzas

2022/12/31	Exposure								
	Exposures without a significant increase in credit risk since initial recognition (Stage 1)			Exposures with a significant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	1 272 097	-	-	54 048	55 020	144	45 354	4 909	261 727
Consumer credit	68 441 728	-	-	1 844 535	302 967	-	168 696	29 016	2 632 013
Motor vehicle loans	28 707	-	-	-	-	-	-	-	2 240
Mortgages	17 071 868	-	-	772 138	227 506	120 327	1 427 729	265 018	3 853 969
Overdrafts	500 176	-	-	232 548	66 897	4 704	11 452	1 223	765 952
Corporate - less significant exposures	2 480 759	-	-	91 112	49 242	38	154 047	858	253 000
Corporate - significant exposures	171 836 051	519 369	-	24 283 881	1 911	-	42 788 605	-	10 286 557
State	104 890 489	-	-	13 316 422	-	-	-	-	-
On-balance sheet exposure	**366 521 875**	**519 369**	**-**	**40 594 684**	**703 543**	**125 213**	**44 595 883**	**301 024**	**18 055 458**
Documentary credits and guarantees provided									
Corporate - less significant exposures	25 441 636	-	-	-	-	-	-	-	-
Corporate - significant exposures	50 972 173	-	-	215 754	-	-	-	-	-
Undrawn credit facilities	**40 910 637**	**-**	**-**	**316 378**	**22 286**	**-**	**234 154**	**1 277**	**28 288**
Off-balance sheet exposure	**117 324 446**	**-**	**-**	**532 132**	**22 286**	**-**	**234 154**	**1 277**	**28 288**
Total exposure	**483 846 321**	**519 369**	**-**	**41 126 816**	**725 829**	**125 213**	**44 830 037**	**302 301**	**18 083 746**

Amounts expressed in thousand of Kwanzas

2022/12/31	Impairment								
	Impairment without a significant increase in credit risk since initial recognition (Stage 1)			Impairment without asignificant increase in credit risk since initial recognition and which are not credit impaired (Stage 2)			Exposures credit impaired (Stage 3)		
Segmento	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	47 913	-	-	2 177	19 686	62	39 427	4 607	233 235
Consumer credit	610 332	-	-	29 887	71 165	-	100 884	14 685	1 791 674
Motor vehicle loans	287	-	-	-	-	-	-	-	1 161
Mortgages	358 888	-	-	122 884	71 418	41 090	1 112 882	104 633	3 063 002
Overdrafts	6 895	-	-	4 832	4 649	374	3 359	378	443 393
Corporate - less significant exposures	54 737	-	-	707	8 579	8	46 610	279	107 903
Corporate - significant exposures	3 950 304	118 267	-	6 512 761	8	-	24 819 780	-	8 735 164
State	1 255 481	-	-	75 038	-	-	-	-	-
On-balance sheet exposure	**6 284 837**	**118 267**	**-**	**6 748 286**	**175 505**	**41 534**	**26 122 942**	**124 582**	**14 375 532**
Documentary credits and guarantees provided									
Corporate - less significant exposures	23 284	-	-	-	-	-	-	-	-
Corporate - significant exposures	482 265	-	-	4 532	-	-	-	-	-
Undrawn credit facilities	**102 607**	**-**	**-**	**2 797**	**154**	**-**	**41 622**	**225**	**3 839**
Off-balance sheet exposure	**608 156**	**-**	**-**	**7 329**	**154**	**-**	**41 622**	**225**	**3 839**
Total exposure	**6 892 993**	**118 267**	**-**	**6 755 615**	**175 659**	**41 534**	**26 164 564**	**124 807**	**14 379 371**

The loan portfolio, by segment and by year, in which the operations were granted is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31														
	Credit Cards			Consumer Credit			Motor vehicle loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2018 and prior years	17 534	1 721 617	429 534	5 043	2 635 118	1 851 112	67	-	-	229	3 420 715	1 299 362	6 788	842 995	110 254
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	1 597	125 179	5 655	3 382	2 349 902	196 018	2	629	-	515	14 886 269	1 694 040	715	50 412	9 431
2021	1 556	174 619	7 126	6 327	8 788 537	218 162	-	-	-	21	850 444	49 621	631	21 963	10 348
2022	2 063	178 471	11 563	13 144	25 983 377	379 000	1	21 189	184	29	1 381 802	36 449	606	23 184	9 825
2023	937	101 565	2 344	14 162	45 852 607	433 964	3	54 447	201	44	2 171 676	24 445	271	54 531	36 102
Total	**23 687**	**2 301 451**	**456 222**	**42 058**	**85 609 541**	**3 078 256**	**73**	**76 265**	**385**	**838**	**22 710 906**	**3 103 917**	**9 011**	**993 085**	**175 960**

Amounts expressed in thousand of Kwanzas

	2023/12/31														
	Corporate - less significant exposures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2018 and prior years	947	460 643	83 617	210	6 433 806	1 334 531	4	60 653 345	629 096	2	564 246	3 517	30 822	23 476 227	67 008
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	650	170 261	42 295	23	15 767 234	7 704 331	-	-	-	1	20 093 856	58 935	6 885	3 157 695	6 918
2021	408	355 640	59 253	37	100 199 387	5 261 715	-	-	-	1	25 662 505	64 181	8 980	6 224 335	9 381
2022	407	709 801	100 092	51	71 464 836	25 382 663	3	81 243 536	1 034 041	7	14 646 985	121 045	16 304	3 684 968	10 914
2023	78	1 335 836	108 420	62	92 793 192	951 774	28	57 092 090	761 508	108	50 150 979	127 167	15 560	8 558 475	10 725
Total	**2 490**	**3 032 181**	**393 677**	**383**	**286 658 455**	**40 635 014**	**35**	**198 988 971**	**2 424 645**	**119**	**111 118 571**	**374 845**	**78 551**	**45 101 700**	**104 946**

Amounts expressed in thousand of Kwanzas

	2022/12/31														
	Credit Cards			Consumer Credit			Motor vehicle loans			Mortgages			Overdrafts		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2017 and prior years	17 962	1 340 384	331 978	4 738	1 624 551	1 139 603	68	394	350	229	4 347 095	2 255 248	9 903	1 193 958	289 728
2018	60	7 350	710	940	328 724	145 952	1	1 845	811	12	213 931	10 175	1 134	123 255	50 872
2019	1 662	83 541	4 815	4 387	2 966 859	272 378	2	3 432	22	531	15 036 160	2 046 772	882	123 834	66 397
2020	10	48	-	4 990	8 132 782	267 516	-	-	-	47	1 756 428	295 667	743	98 387	48 556
2021	1 581	129 373	5 160	8 932	18 877 256	345 401	-	-	-	25	989 196	81 936	1 051	28 676	6 724
2022	2 127	132 603	4 444	15 108	41 488 783	447 777	1	25 276	265	29	1 395 745	184 999	1 157	14 842	1 603
Total	**23 402**	**1 693 299**	**347 107**	**39 095**	**73 418 955**	**2 618 627**	**72**	**30 947**	**1 448**	**873**	**23 738 555**	**4 874 797**	**14 870**	**1 582 952**	**463 880**

Amounts expressed in thousand of Kwanzas

	2022/12/31														
	Corporate - less significant exposures			Corporate - significant exposures			State			Documentary credits and guarantees provided			Undrawn credit facilities		
Segment	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized	Number of transactions	Amount	Impairment recognized
2017 and prior years	950	466 605	51 547	197	13 526 563	3 298 415	2	13 316 422	75 038	8	5 207 121	22 233	18 520	27 242 205	103 867
2018	351	92 060	18 216	10	3 342 445	499 543	1	53 385 962	650 658	1	272 411	5 461	306	107 686	310
2019	422	230 954	35 251	16	12 662 769	7 006 844	1	9 765 154	75 739	2	294 175	5 505	1 776	3 773 496	14 537
2020	481	54 304	9 531	15	8 994 866	327 966	-	-	-	6	14 173 029	92 341	68	797 152	1 236
2021	511	726 788	34 149	47	135 832 091	5 900 791	-	-	-	13	20 596 765	122 570	1 584	6 368 374	19 445
2022	131	1 458 345	70 129	74	75 357 640	27 102 725	3	41 739 373	529 084	159	36 086 062	261 971	2 087	3 224 107	11 849
Total	**2 846**	**3 029 056**	**218 823**	**359**	**249 716 374**	**44 136 284**	**7**	**118 206 911**	**1 330 519**	**189**	**76 629 563**	**510 081**	**24 341**	**41 513 020**	**151 244**

The detail of the amount of the gross credit exposure and the amount of impairment set up for the exposures analyzed individually and collectively, by segment, corresponds to the following:

Amounts expressed in thousand of Kwanzas

By segment: 2023/12/31	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 301 016	456 182	83 146 457	1 386 497	76 265	385	19 339 307	1 500 794	992 813	175 688
Individual impairment	435	40	2 463 084	1 691 759	-	-	3 371 599	1 603 123	272	272
Total	**2 301 451**	**456 222**	**85 609 541**	**3 078 256**	**76 265**	**385**	**22 710 906**	**3 103 917**	**993 085**	**175 960**

Amounts expressed in thousand of Kwanzas

By segment: 2023/12/31	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 847 037	341 156	15 740 353	374 034	-	-	9 806 359	30 128	19 584 867	47 484
Individual impairment	185 144	52 521	270 918 102	40 260 980	198 988 971	2 424 645	101 312 212	344 717	25 516 833	57 462
Total	**3 032 181**	**393 677**	**286 658 455**	**40 635 014**	**198 988 971**	**2 424 645**	**111 118 571**	**374 845**	**45 101 700**	**104 946**

Amounts expressed in thousand of Kwanzas

By segment: 2022/12/31	Credit cards		Consumer credit		Motor vehicle loans		Mortgages		Overdrafts	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	1 691 582	346 402	71 202 702	1 593 894	30 947	1 448	20 017 341	2 915 429	1 582 949	463 880
Individual impairment	1 717	705	2 216 253	1 024 733	-	-	3 721 214	1 959 368	3	-
Total	**1 693 299**	**347 107**	**73 418 955**	**2 618 627**	**30 947**	**1 448**	**23 738 555**	**4 874 797**	**1 582 952**	**463 880**

Amounts expressed in thousand of Kwanzas

By segment: 2022/12/31	Corporate - less significant exposures		Corporate - significant exposures		State		Documentary credits and guarantees provided		Undrawn credit facilities	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	2 940 095	218 429	13 005 465	469 197	-	-	5 227 308	21 804	11 835 747	75 570
Individual impairment	88 961	394	236 710 909	43 667 087	118 206 911	1 330 519	71 402 255	488 277	29 677 273	75 674
Total	**3 029 056**	**218 823**	**249 716 374**	**44 136 284**	**118 206 911**	**1 330 519**	**76 629 563**	**510 081**	**41 513 020**	**151 244**

The detail of the amount of the gross credit exposure and the amount of impairment set up for the exposures analyzed individually and collectively, by sector of activity, corresponds to the following:

Amounts expressed in thousand of Kwanzas

By business sector: 2023/12/31	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	-	-	2 022 390	83 889	404 406	55 485	1 037 714	20 211	8 880 172	189 478
Individual impairment	10 227	-	63 779 851	976 836	71 232 478	3 883 857	355 586	192 680	-	-
Total	**10 227**	**-**	**65 802 241**	**1 060 725**	**71 636 884**	**3 939 342**	**1 393 300**	**212 891**	**8 880 172**	**189 478**

Amounts expressed in thousand of Kwanzas

By business sector: 2023/12/31	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public admistration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	553 873	5 928	443 809	20 234	69	30	1 238 400	52 581	26 334	7 017
Individual impairment	-	-	573 149	33 042	198 988 972	2 424 645	69 317 511	22 779 933	2 262 081	35 863
Total	**553 873**	**5 928**	**1 016 958**	**53 276**	**198 989 041**	**2 424 675**	**70 555 911**	**22 832 514**	**2 288 415**	**42 880**

Amounts expressed in thousand of Kwanzas

By business sector: 2023/12/31	Manufacturing industries		Other service companies		Retail		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	232 650	1 842	2 814 984	204 251	105 901 054	3 521 784	429 942	46 635	102 934	1 158	354 517	24 213
Individual impairment	15 425 605	4 975 414	47 801 638	7 314 071	5 856 868	3 307 192	-	-	191 337	109 802	132 304	5
Total	**15 658 255**	**4 977 256**	**50 616 622**	**7 518 322**	**111 757 922**	**6 828 976**	**429 942**	**46 635**	**294 271**	**110 960**	**486 821**	**24 218**

Amounts expressed in thousand of Kwanzas

By business sector: 2022/12/31	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	-	-	1 705 144	95 020	467 063	110 126	34 887	966	105 305	5 850
Individual impairment	15 530	1	54 861 737	1 663 905	57 467 702	4 900 654	501 952	234 206	1 884 652	1 884 652
Total	**15 530**	**1**	**56 566 881**	**1 758 925**	**57 934 765**	**5 010 780**	**536 839**	**235 172**	**1 989 957**	**1 890 502**

Amounts expressed in thousand of Kwanzas

By business sector: 2022/12/31	Real Estate, rental and services rendered by Companies		Cultural, recreational and sports activities		Public admistration, defense and mandatory social security		Agriculture, forestry and fishing		Accommodation and catering	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	151 516	3 757	647 856	49 379	69	41	886 659	26 299	72 161	10 537
Individual impairment	101 182	589	3 040 202	155 570	118 206 911	1 330 519	60 894 713	23 391 276	2 184 223	162 717
Total	**252 698**	**4 346**	**3 688 058**	**204 949**	**118 206 980**	**1 330 560**	**61 781 372**	**23 417 575**	**2 256 384**	**173 254**

Amounts expressed in thousand of Kwanzas

By business sector: 2022/12/31	Manufacturing industries		Other service companies		Retail		Production and distribution of energy, water and gas		Health and social services		Transport, storage and communication	
	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Colective impairment	466 514	3 459	10 275 340	354 990	94 593 768	5 324 102	442 907	11 958	4 001	1 155	617 822	11 034
Individual impairment	18 046 728	3 087 862	36 988 459	8 074 768	5 960 666	2 996 821	107 745	39 779	197 322	56 238	486 313	3 255
Total	**18 513 242**	**3 091 321**	**47 263 799**	**8 429 758**	**100 554 434**	**8 320 923**	**550 652**	**51 737**	**201 323**	**57 393**	**1 104 135**	**14 289**

The restructured loan portfolio by restructuring measure applied is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	3	2 154 887	31 086	21	4 126 141	1 291 313	36	37 196 303	21 987 839	60	43 477 331	23 310 238
New loan	12	1 651 909	165 923	52	16 900 383	3 316 054	43	5 929 056	5 516 189	107	24 481 348	8 998 166
Total	**15**	**3 806 796**	**197 009**	**73**	**21 026 524**	**4 607 367**	**79**	**43 125 359**	**27 504 028**	**167**	**67 958 679**	**32 308 404**

Amounts expressed in thousand of Kwanzas

	2022/12/31											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment	Number of transactions	Exposure	Impairment
Term extension	6	2 721 800	338 723	7	2 942 625	402 216	32	1 817 237	1 045 911	45	7 481 662	1 786 850
New loan	29	1 213 917	251 949	21	21 226 521	6 186 508	64	42 834 518	28 226 616	114	65 274 956	34 665 083
Total	**35**	**3 935 717**	**590 672**	**28**	**24 169 146**	**6 588 724**	**96**	**44 651 755**	**29 272 527**	**159**	**72 756 618**	**36 451 933**

The movement of inflows and outflows in the restructured loan portfolio was as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Opening balance of restructured loans portfolio (gross of impairment + interest)	**72 756 618**	**66 185 350**
Restructured loans in the period	473 034	9 680 594
Accrued interest on the restructured loan portfolio	167 971	878 146
Settlement of restructured loans (partial or total)	(5 699 449)	(3 248 735)
Loans reclassified from "restructured" to "normal"	-	(745 129)
Other	260 505	6 392
Closing balance of restructured loans portfolio (gross of impairment + interest)	**67 958 679**	**72 756 618**

The detail of the guarantees underlying the loan portfolio of the corporate, construction and real estate development, and mortgage segments is as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31											
	Corporate				Construction and Real Estate development				Mortgages			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	15	316 240	61	1 078 909	-	-	5	103 943	53	1 597 722	1	38 271
> = 50MAOA and < 100 MAOA	14	970 853	11	693 268	-	-	3	254 266	94	7 265 147	-	-
> = 100 MAOA and < 500 MAOA	36	9 196 859	42	9 001 274	1	187 375	3	660 879	180	37 326 239	4	870 240
> = 500 MAOA and < 1000 MAOA	10	6 774 765	10	4 195 910	-	-	-	-	8	4 929 941	2	1 408 960
> = 1000 MAOA and < 2000 MAOA	36	31 425 030	2	2 151 154	1	1 900 000	-	-	2	2 743 328	-	-
> = 2000 MAOA and < 5000 MAOA	7	19 889 757	8	25 190 674	3	10 545 557	-	-	2	2 023 257	-	-
> = 5.000 MAOA	22	287 973 590	13	131 428 249	2	62 557 879	5	59 881 644	-	-	-	-
Total	**140**	**356 547 094**	**147**	**173 739 438**	**7**	**75 190 811**	**16**	**60 900 732**	**339**	**55 885 634**	**7**	**2 317 471**

Amounts expressed in thousand of Kwanzas

	2022/12/31											
	Corporate				Construction and Real Estate development				Residential			
	Real Estate		Other real guarantees		Real Estate		Other real guarantees		Real Estate		Other real guarantees	
	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount	Number of properties	Amount	Number	Amount
< 50MAOA	10	197 227	47	841 442	1	47 100	3	59 916	80	2 576 694	3	69 621
> = 50MAOA and < 100 MAOA	12	841 446	17	1 081 862	1	93 183	1	80 500	121	8 401 671	-	-
> = 100 MAOA and < 500 MAOA	37	8 187 890	33	7 090 220	-	-	4	1 244 121	146	25 307 384	5	1 173 600
> = 500 MAOA and < 1000 MAOA	12	6 194 948	8	4 972 385	-	-	-	-	3	2 213 092	1	503 691
> = 1000 MAOA and < 2000 MAOA	26	20 030 312	4	4 309 610	1	1 900 000	-	-	3	2 236 987	-	-
> = 2000 MAOA and < 5000 MAOA	6	15 232 462	11	25 623 974	1	4 311 867	-	-	1	2 216 240	-	-
> = 5.000 MAOA	26	314 388 571	12	108 962 182	2	31 052 112	5	40 426 980	-	-	-	-
Total	**129**	**365 072 856**	**132**	**152 881 675**	**6**	**37 404 262**	**13**	**41 811 517**	**354**	**42 952 068**	**9**	**1 746 912**

In order to mitigate the credit risk, credit operations have associated guarantees, namely mortgages or pledges. The fair value of these guarantees is determined on the date the loan is granted and is periodically reassessed.

The loan-guarantee ratio of the corporate, construction and real estate development, and mortgage segments has the following structure:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	21 734 080	465 685	10 414 358	8 104 963
< 50%	2	12	18 245 332	8 214	505 140	571 570
> = 50% and < 75%	4	5	375 893	787 376	152 570	55 822
> = 75% and < 100%	4	17	516 390	7 841 842	36 704 984	22 023 558
> = 100%	130	113	100 897 170	14 897 466	5 089 719	6 313 271
Construction and Real Estate development						
Without guarantee	-	-	2 215 559	3 002 308	535 940	2 104 445
< 50%	-	1	-	-	-	-
> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	-	5	41 309 950	-	-	60 072
> = 100%	7	10	21 119 139	3 916 353	91 507	1 780 753
Mortgages						
Without guarantee	-	-	6 723 092	1 076 127	1 960 420	1 955 562
< 50%	5	-	101 071	-	2 568	3 290
> = 50% and < 75%	2	-	22 263	-	107 286	47 606
> = 75% and < 100%	6	-	197 422	-	-	1 202
> = 100%	326	7	10 628 035	569 169	1 323 451	1 096 256
Total	**486**	**170**	**224 085 396**	**32 564 540**	**56 887 943**	**44 118 370**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Number of properties	Number of other real guarantees	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3	Impairment
Corporate						
Without guarantee	-	-	7 936 562	98 898	6 738 257	6 972 960
< 50%	2	19	22 043 923	-	214 937	679 769
> = 50% and < 75%	2	11	829 653	399 825	36 852 647	22 492 514
> = 75% and < 100%	1	15	2 212 695	-	422 234	167 808
> = 100%	124	87	91 852 933	17 186 191	8 564 268	9 025 885
Construction and Real Estate development						
Without guarantee	-	-	15 872 257	3 005 122	538 882	2 538 559
< 50%	-	-	-	-	-	-
> = 50% and < 75%	-	1	613 151	-	-	217
> = 75% and < 100%	3	5	22 911 464	-	-	612 398
> = 100%	3	7	10 545 317	4 305 213	143 623	1 859 731
Mortgages						
Without guarantee	-	-	7 753 072	746 976	2 695 794	2 858 420
< 50%	3	-	131 583	4 588	-	803
> = 50% and < 75%	2	-	46 554	-	-	136
> = 75% and < 100%	4	2	65 416	-	970 423	775 980
> = 100%	345	7	9 095 135	368 407	3 377 402	2 264 318
Total	**489**	**154**	**191 909 715**	**26 115 220**	**60 518 467**	**50 249 498**

The distribution of the loan portfolio and impairment measured by internal risk levels is presented as follows:

Amounts expressed in thousand of Kwanzas

Segment	Exposure as at 2023/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	1 804 427	31 239	13 425	17 446	7 050	427 864	2 301 451
Consumer credit	2 601 659	78 880 431	367 876	130 804	204 165	106 230	3 318 376	85 609 541
Motor vehicle loans	-	76 265	-	-	-	-	-	76 265
Mortgages	58 773	19 995 621	169 732	124 113	125 506	91 718	2 145 443	22 710 906
Overdrafts	-	817 728	25 388	12 110	16 489	22 799	98 571	993 085
Corporate - less significant exposures	236 046	2 276 419	60 675	85 256	32 167	5 101	336 517	3 032 181
Corporate - significant exposures	60 496 624	202 184 477	2 312 137	695 000	1 501 390	115 245	19 353 582	286 658 455
State	198 988 971	-	-	-	-	-	-	198 988 971
On-balance sheet exposure	**262 382 073**	**306 035 368**	**2 967 047**	**1 060 708**	**1 897 163**	**348 143**	**25 680 353**	**600 370 855**
Documentary credits and guarantees provided								
Corporate - less significant exposures	180 643	51 137 588	-	-	-	-	-	51 318 231
Corporate - significant exposures	6 472 079	53 328 261	-	-	-	-	-	59 800 340
Undrawn credit facilities	4 893 570	40 099 453	42 281	15 927	14 655	4 405	31 409	45 101 700
Off-balance sheet exposure	**11 546 292**	**144 565 302**	**42 281**	**15 927**	**14 655**	**4 405**	**31 409**	**156 220 271**
Total exposure	**273 928 365**	**450 600 670**	**3 009 328**	**1 076 635**	**1 911 818**	**352 548**	**25 711 762**	**756 591 126**

Amounts expressed in thousand of Kwanzas

Segment	Impairment as at 2023/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	66 571	8 335	5 614	9 016	3 586	363 100	456 222
Consumer credit	13 533	630 937	42 733	31 374	79 324	46 888	2 233 467	3 078 256
Motor vehicle loans	-	385	-	-	-	-	-	385
Mortgages	211	1 244 186	81 603	79 025	43 591	59 832	1 595 469	3 103 917
Overdrafts	-	71 719	5 365	3 248	11 065	15 740	68 823	175 960
Corporate - less significant exposures	290	155 438	26 010	33 457	13 707	2 438	162 337	393 677
Corporate - significant exposures	765 661	26 945 815	53 264	153 497	478 018	10 970	12 227 789	40 635 014
State	2 424 645	-	-	-	-	-	-	2 424 645
On-balance sheet exposure	**3 204 340**	**29 115 051**	**217 310**	**306 215**	**634 721**	**139 454**	**16 650 985**	**50 268 076**
Documentary credits and guarantees provided								
Corporate - less significant exposures	279	97 725	-	-	-	-	-	98 004
Corporate - significant exposures	654	276 187	-	-	-	-	-	276 841
Undrawn credit facilities	5 113	93 984	258	119	1 299	414	3 759	104 946
Off-balance sheet exposure	**6 046**	**467 896**	**258**	**119**	**1 299**	**414**	**3 759**	**479 791**
Total exposure	**3 210 386**	**29 582 947**	**217 568**	**306 334**	**636 020**	**139 868**	**16 654 744**	**50 747 867**

Amounts expressed in thousand of Kwanzas

Segment	Exposure as at 2022/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	1 339 775	24 394	13 331	17 917	8 439	289 443	1 693 299
Consumer credit	1 548 800	68 865 373	253 645	105 786	124 559	56 000	2 464 792	73 418 955
Motor vehicle loans	-	28 708	-	-	79	-	2 160	30 947
Mortgages	71 640	16 163 357	209 231	296 313	106 944	41 935	6 849 135	23 738 555
Overdrafts	347	781 510	19 636	10 475	16 117	11 182	743 685	1 582 952
Corporate - less significant exposures	196 962	2 332 775	46 090	6 071	47 493	9 198	390 467	3 029 056
Corporate - significant exposures	61 201 504	166 098 271	583 552	2	1 010 203	1 082 237	19 740 605	249 716 374
State	118 206 911	-	-	-	-	-	-	118 206 911
On-balance sheet exposure	**181 226 164**	**255 609 769**	**1 136 548**	**431 978**	**1 323 312**	**1 208 991**	**30 480 287**	**471 417 049**
Documentary credits and guarantees provided								
Corporate - less significant exposures	85 961	25 355 675	-	-	-	-	-	25 441 636
Corporate - significant exposures	3 365 911	47 822 016	-	-	-	-	-	51 187 927
Undrawn credit facilities	2 047 875	39 382 423	18 960	12 022	14 141	5 038	32 561	41 513 020
Off-balance sheet exposure	**5 499 747**	**112 560 114**	**18 960**	**12 022**	**14 141**	**5 038**	**32 561**	**118 142 583**
Total exposure	**186 725 911**	**368 169 883**	**1 155 508**	**444 000**	**1 337 453**	**1 214 029**	**30 512 848**	**589 559 632**

Amounts expressed in thousand of Kwanzas

Segment	Impairment as at 2022/12/31							
	Risk grade A	Risk grade B	Risk grade C	Risk grade D	Risk grade E	Risk grade F	Risk grade G	Total
Credit carts	-	74 540	7 955	5 461	10 034	5 103	244 014	347 107
Consumer credit	9 025	737 561	49 788	31 607	52 084	24 738	1 713 824	2 618 627
Motor vehicle loans	-	287	-	-	35	-	1 126	1 448
Mortgages	126	280 925	64 025	77 530	70 555	31 135	4 350 501	4 874 797
Overdrafts	10	17 754	1 281	897	4 296	3 100	436 542	463 880
Corporate - less significant exposures	1 053	67 830	7 611	1 301	5 307	2 903	132 818	218 823
Corporate - significant exposures	1 047 539	28 553 085	119 423	-	778 725	566 294	13 071 218	44 136 284
State	1 330 519	-	-	-	-	-	-	1 330 519
On-balance sheet exposure	**2 388 272**	**29 731 982**	**250 083**	**116 796**	**921 036**	**633 273**	**19 950 043**	**53 991 485**
Documentary credits and guarantees provided								
Corporate - less significant exposures	342	22 942	-	-	-	-	-	23 284
Corporate - significant exposures	-	486 797	-	-	-	-	-	486 797
Undrawn credit facilities	12 052	132 391	486	77	1 536	525	4 177	151 244
Off-balance sheet exposure	**12 394**	**642 130**	**486**	**77**	**1 536**	**525**	**4 177**	**661 325**
Total exposure	**2 400 666**	**30 374 112**	**250 569**	**116 873**	**922 572**	**633 798**	**19 954 220**	**54 652 810**

As at 31 December 2023 and 31 December 2022, the risk levels presented in the table above, are in accordance with the classification of Instruction No. 9/2015 of the Banco Nacional de Angola.

As at 31 December 2023 and 31 December 2022, the portfolio of loans and advances to customers according to credit risk categories (Stage 1, Stage 2 and Stage 3) is detailed as follows:

Amounts expressed in thousand of Kwanzas

2023/12/31	Exposure				Impairment			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	1 063 289	813 274	424 888	2 301 451	16 804	64 772	374 646	456 222
Consumer credit	80 187 364	1 715 306	3 706 871	85 609 541	577 137	79 947	2 421 172	3 078 256
Motor vehicle loans	76 265	-	-	76 265	385	-	-	385
Mortgages	17 671 884	1 645 297	3 393 725	22 710 906	292 532	295 915	2 515 470	3 103 917
Overdrafts	568 220	280 341	144 524	993 085	34 949	39 013	101 998	175 960
Corporate - less significant exposures	2 259 752	351 385	421 044	3 032 181	84 275	103 902	205 500	393 677
Corporate - significant exposures	202 992 922	30 567 860	53 097 673	286 658 455	2 739 953	6 126 750	31 768 311	40 635 014
State	198 988 971	-	-	198 988 971	2 424 645	-	-	2 424 645
On-balance sheet exposure	**503 808 667**	**35 373 463**	**61 188 725**	**600 370 855**	**6 170 680**	**6 710 299**	**37 387 097**	**50 268 076**
Documentary credit and guarantees provided								
Corporate - less significant exposures	51 318 231	-	-	51 318 231	98 004	-	-	98 004
Corporate - significant exposures	59 664 063	136 277	-	59 800 340	276 745	96	-	276 841
Undrawn credit facilities	44 575 324	408 994	117 382	45 101 700	90 182	979	13 785	104 946
Off-balance sheet exposure	**155 557 618**	**545 271**	**117 382**	**156 220 271**	**464 931**	**1 075**	**13 785**	**479 791**
Total exposure	**659 366 285**	**35 918 734**	**61 306 107**	**756 591 126**	**6 635 611**	**6 711 374**	**37 400 882**	**50 747 867**

Amounts expressed in thousand of Kwanzas

2022/12/31	Exposure				Impairment			
Segment	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards	1 272 097	109 212	311 990	1 693 299	47 913	21 925	277 269	347 107
Consumer credit	68 441 728	2 147 502	2 829 725	73 418 955	610 332	101 052	1 907 243	2 618 627
Motor vehicle loans	28 707	-	2 240	30 947	287	-	1 161	1 448
Mortgages	17 071 868	1 119 971	5 546 716	23 738 555	358 888	235 392	4 280 517	4 874 797
Overdrafts	500 176	304 149	778 627	1 582 952	6 895	9 855	447 130	463 880
Corporate - less significant exposures	2 480 759	140 392	407 905	3 029 056	54 737	9 294	154 792	218 823
Corporate - significant exposures	172 355 420	24 285 792	53 075 162	249 716 374	4 068 571	6 512 769	33 554 944	44 136 284
State	104 890 489	13 316 422	-	118 206 911	1 255 481	75 038	-	1 330 519
On-balance sheet exposure	**367 041 244**	**41 423 440**	**62 952 365**	**471 417 049**	**6 403 104**	**6 965 325**	**40 623 056**	**53 991 485**
Documentary credit and guarantees provided								
Corporate - less significant exposures	25 441 636	-	-	25 441 636	23 284	-	-	23 284
Corporate - significant exposures	50 972 173	215 754	-	51 187 927	482 265	4 532	-	486 797
Undrawn credit facilities	40 910 637	338 664	263 719	41 513 020	102 607	2 951	45 686	151 244
Off-balance sheet exposure	**117 324 446**	**554 418**	**263 719**	**118 142 583**	**608 156**	**7 483**	**45 686**	**661 325**
Total exposure	**484 365 690**	**41 977 858**	**63 216 084**	**589 559 632**	**7 011 260**	**6 972 808**	**40 668 742**	**54 652 810**

The movement in the caption Loans and advances to customers, by stage, for the periods ended 31 December 2023 and 31 December 2022 was as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2023	**367 041 244**	**6 403 104**	**41 423 440**	**6 965 325**	**62 952 365**	**40 623 056**	**471 417 049**	**53 991 485**
Financial assets purchased in the period / changes in credit risk	259 837 617	2 108 053	-	-	-	-	259 837 617	2 108 053
Other financial assets / changes in credit risk		591 335		(548 615)		1 187 918	-	1 230 638
Derecognized financial assets	(59 439 140)	(632 214)	(872 401)	(39 944)	(1 398 438)	(745 394)	(61 709 979)	(1 417 552)
Transfers to:								
Stage 1	17 104 869	536 779	(17 014 887)	(453 522)	(89 982)	(83 257)	-	-
Stage 2	(14 446 624)	(775 406)	15 690 965	1 687 201	(1 244 341)	(911 795)	-	-
Stage 3	(3 618 601)	(431 767)	(1 584 274)	(133 578)	5 202 875	565 345	-	-
Loans written off from assets					(9 246 603)	(9 246 603)	(9 246 603)	(9 246 603)
Settlements, exchange rate changes and other	(62 670 698)	(1 629 204)	(2 269 380)	(766 568)	5 012 849	5 997 827	(59 927 229)	3 602 055
Balance as at 31 December 2023	**503 808 667**	**6 170 680**	**35 373 463**	**6 710 299**	**61 188 725**	**37 387 097**	**600 370 855**	**50 268 076**

Amounts expressed in thousand of Kwanzas

	2022/12/31							
	Stage 1		Stage 2		Stage 3		Total	
	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses	Gross book value	Impairment losses
Opening balance as at 1 January 2022	**292 331 551**	**4 284 907**	**55 368 120**	**10 496 094**	**58 631 430**	**38 590 636**	**406 331 101**	**53 371 637**
Originated or acquired financial assets	171 135 070	2 939 427	4 741 185	1 172 844	1 241 247	513 665	177 117 502	4 625 936
Changes in credit risk		296 100		(837 773)		900 694	-	359 021
Derecognized financial assets	(57 626 462)	(849 386)	(3 011 020)	(602 698)	(2 891 338)	(1 425 530)	(63 528 820)	(2 877 614)
Transfers to:							-	-
Stage 1	2 209 491	622 986	(1 609 959)	(261 030)	(599 532)	(361 956)	-	-
Stage 2	(4 756 638)	(77 520)	5 313 890	385 470	(557 252)	(307 950)	-	-
Stage 3	(1 885 111)	(32 652)	(8 831 465)	(2 478 903)	10 716 576	2 511 555	-	-
Loans written off from assets					(557 019)	(557 019)	(557 019)	(557 019)
Settlements, exchange rate changes and other	(34 366 657)	(780 758)	(10 547 311)	(908 679)	(3 031 747)	758 961	(47 945 715)	(930 476)
Balance as at 31 December 2022	**367 041 244**	**6 403 104**	**41 423 440**	**6 965 325**	**62 952 365**	**40 623 056**	**471 417 049**	**53 991 485**

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in December 2023- Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	2,3%	13,2%	49,2%	72,4%
Consumer credit	2,3%	11,3%	43,7%	68,7%
Motor vehicle loans	2,6%	10,3%	43,6%	67,4%
Mortgages	2,6%	50,8%	41,2%	76,8%
Overdrafts	9,2%	26,2%	69,6%	70,5%
Corporate - less significant exposures	17,6%	66,1%	46,7%	48,8%
Corporate - significant exposures	6,5%	22,5%	32,3%	49,1%

	Impairment in December 2022- Average parameters			
	PD		LGD	
Segment	Stage 1	Stage 2	Stage 1 and 2	Stage 3
Credit cards	2,6%	18,0%	53,9%	87,2%
Consumer credit	3,0%	12,7%	44,0%	93,4%
Motor vehicle loans	2,9%	n.a	44,0%	97,8%
Mortgages	1,8%	65,9%	46,9%	79,2%
Overdrafts	5,9%	20,0%	28,6%	44,8%
Corporate - less significant exposures	17,7%	56,1%	31,3%	44,1%
Corporate - significant exposures	8,2%	38,0%	39,2%	84,0%

In accordance with the impairment model implemented, the Bank recalculated the parameters of PDs and LGDs in the second half of 2023.

10. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Non-current assets held for sale		
Real Estate	787 572	606 592
Accumulated impairment losses (Note 17)	(606 592)	(606 592)
	180 980	-

The amounts disclosed refer to properties received as payment, which are not in use and are available for immediate sale.
The Bank has set up 100% impairment for 8 of the properties held in its portfolio.

As at 31 December 2022, the amounts disclosed refer to 8 properties received as payment, which are not in use and are available for immediate sale.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2023 and 31 December 2022, Investments in subsidiaries, associates and joint ventures, are presented as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Country	Year of Acquisition	Number of shares	% held	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2016	399 968	99,99%	50 000
BFA - Capital Markets, SDVM, S.A.	Angola	2022	189 880	94,94%	189 880
BFA - Pensões SGFP, S.A.	Angola	2022	876 960	97,44%	876 960
Total investments in subsidiaries, associates and joint ventures					**1 117 215**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Country	Year of Acquisition	Number of shares	% held	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50%	375
BFA - Gestão de Activos	Angola	2016	399 968	99,99%	50 000
BFA - Capital Markets, SDVM, S.A.	Angola	2022	189 880	94,94%	189 880
BFA - Pensões SGFP, S.A.	Angola	2022	876 960	97,44%	876 960
Total investments in subsidiaries, associates and joint ventures					**1 117 215**

As part of BFA's strategy, in 2022, the companies BFA Capital Markets, SDVM, S.A. and BFA - Pensões SGFP, S.A. were incorporated.

In 2023 and 2022, the subsidiaries did not distribute dividends.

12. OTHER INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

During the periods ended 31 December 2023 and 31 December 2022, the captions Property, plant and equipment and Intangible assets presented the following movement:

Amounts expressed in thousand of Kwanzas

	2023/12/31													
	Balances as at 2022/12/31								Amortization		Balances as at 2023/12/31			
	Gross assets	Accumulated amortization	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortization	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	32 648 299	(11 636 873)	(408 792)	20 602 634	289 111	11 917	-	-	(861 218)	116	32 937 410	(12 497 975)	(396 875)	20 042 560
Furniture, tools, facilities and equipment	39 063 645	(25 871 427)	-	13 192 218	6 510 969	-	-	(701 680)	(6 395 207)	665 041	44 872 934	(31 601 593)	-	13 271 341
Assets under construction	237 061	-	-	237 061	1 543 705	-	-	-	-	-	1 780 766	-	-	1 780 766
Right-of-use assets:														
Branches	4 875 889	(2 836 944)	-	2 038 945	777 880	-	-	-	(678 652)	-	5 653 769	(3 515 596)	-	2 138 173
Offices and central services	2 521 622	(2 094 287)	-	427 335	1 638 609	-	-	-	(580 528)	-	4 160 231	(2 674 815)	-	1 485 416
Other	627 432	(440 648)	-	186 784	-	-	-	(33 317)	(144 372)	24 989	594 115	(560 031)	-	34 084
Subtotal	**79 973 948**	**(42 880 179)**	**(408 792)**	**36 684 977**	**10 760 274**	**11 917**	**-**	**(734 997)**	**(8 659 977)**	**690 146**	**89 999 225**	**(50 850 010)**	**(396 875)**	**38 752 340**
Intangible assets														
Automatic data processing systems (Software)	16 891 239	(8 771 554)	-	8 119 685	9 302 717	-	-	-	(4 997 450)	-	26 193 956	(13 769 004)	-	12 424 952
Organization and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfers	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**17 086 762**	**(8 967 077)**	**-**	**8 119 685**	**9 302 717**	**-**	**-**	**-**	**(4 997 450)**	**-**	**26 389 479**	**(13 964 527)**	**-**	**12 424 952**
Total	**97 060 710**	**(51 847 256)**	**-**	**44 804 662**	**20 062 991**	**11 917**	**-**	**(734 997)**	**(13 657 427)**	**690 146**	**116 388 704**	**(64 814 537)**	**(396 875)**	**51 177 292**

Amounts expressed in thousand of Kwanzas

	2022/12/31													
	Balances as at 2021/12/31								Amortization		Balances as at 2022/12/31			
	Gross assets	Accumulated amortization	Impairment	Net assets	Increases	Impairment	Transfers	Write-offs, disposals and other	for the period	Write-offs	Gross assets	Accumulated amortization	Impairment	Net assets
Property, plant and equipment														
Real Estate for own use	27 495 674	(10 749 062)	(436 259)	16 310 353	3 376 138	27 467	1 776 487	-	(887 811)	-	32 648 299	(11 636 873)	(408 792)	20 602 634
Furniture, tools, facilities and equipment	32 808 362	(20 400 028)	-	12 408 334	6 662 871	-	-	(407 588)	(5 851 813)	380 414	39 063 645	(25 871 427)	-	13 192 218
Assets under construction	1 686 812	-	-	1 686 812	554 256	-	(1 776 487)	(227 520)	-	-	237 061	-	-	237 061
Right-of-use assets:				-										
Branches	4 625 011	(2 158 978)	-	2 466 033	353 422	-	-	(102 544)	(690 912)	12 946	4 875 889	(2 836 944)	-	2 038 945
Offices and central services	2 521 622	(1 552 028)	-	969 594	-	-	-	-	(542 259)		2 521 622	(2 094 287)	-	427 335
Other	408 771	(284 074)	-	124 697	218 661	-	-	-	(156 574)	-	627 432	(440 648)	-	186 784
Subtotal	**69 546 252**	**(35 144 170)**	**(436 259)**	**33 965 823**	**11 165 348**	**27 467**	**-**	**(737 652)**	**(8 129 369)**	**393 360**	**79 973 948**	**(42 880 179)**	**(408 792)**	**36 684 977**
Intangible assets														
Automatic data processing systems (Software)	7 219 769	(5 470 242)	-	1 749 527	9 302 717	-	-	-	(3 301 312)	-	16 891 239	(8 771 554)	-	8 119 685
Organization and expansion costs	101 571	(101 571)	-	-	-	-	-	-	-	-	101 571	(101 571)	-	-
Transfers	93 923	(93 923)	-	-	-	-	-	-	-	-	93 923	(93 923)	-	-
Other intangible assets	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**7 415 292**	**(5 665 765)**	**-**	**1 749 527**	**9 302 717**	**-**	**-**	**-**	**(3 301 312)**	**-**	**17 086 762**	**(8 967 077)**	**-**	**8 119 685**
Total	**76 961 544**	**(40 809 935)**	**(436 259)**	**35 715 350**	**20 468 065**	**27 467**	**-**	**(737 652)**	**(11 430 681)**	**393 360**	**97 060 710**	**(51 847 256)**	**(408 792)**	**44 804 662**

As at 31 December 2023, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment.

As at 31 December 2022, the increase in furniture, fixtures, installations and equipment relates to the acquisition of IT equipment and transport equipment.

As at 31 December 2022, the increase in Property in use relates to the acquisition of a plot of land for own use.

As at 31 December 2023 and 31 December 2022, the increase in the automatic data processing systems relates to the acquisition of software, mostly related to developments made to the EMUDAR system.

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2023 and 31 December 2022, the balances of current tax assets and liabilities were as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Current tax assets	192 964	145 408
Total - Current tax assets	**192 964**	**145 408**
Current tax liabilities:		
VAT	1 265 693	1 014 651
On capital gains	11 854 342	9 029 552
On income from employment	691 478	598 236
On income from property	68 169	-
Contributions to social security	377 354	342 437
Total - Current tax liabilities	**14 257 036**	**10 984 876**

In the periods ended 31 December 2023 and 31 December 2022, the income tax expense recognized in the income statement, as well as the tax burden, measured by the ratio between the tax assessed and the profit for the period before that assessment, can be summarized as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Capital gains tax	16 234 011	19 696 571
Total tax recorded in profit or loss	16 234 011	19 696 571
Profit before tax	183 570 689	160 151 792
Tax burden	8,84%	12,30%

The reconciliation between the nominal tax rate and the tax charge for the periods ended 31 December 2023 and 31 December 2022, can be analyzed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31		2022/12/31	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		183 743 624		160 151 791
Tax calculated using nominal tax rate	35,00%	64 310 268	35,00%	56 053 127
Income from public debt securities not subject to II (Subject to IAC)	-43,39%	(79 725 624)	-45,48%	(72 838 946)
Provisions and impairment	2,43%	4 461 942	2,90%	4 646 484
Paid and unpaid exchange variations	-23,80%	(43 727 933)	30,45%	48 769 980
Capital Gains Tax (IAC)	8,84%	16 234 011	12,30%	19 696 571
Other permanent differences	1,10%	2 029 925	0,34%	544 788
Tax losses (used)/to be carried forward	28,65%	52 651 422	-23,21%	(37 175 433)
Income tax	**8,84%**	**16 234 011**	**12,30%**	**19 696 571**

Corporate Tax

As mentioned in Note 2.15, the Bank is subject to Corporate Tax, and the applicable tax rate is 35% for the periods ended 31 December 2023 and 31 December 2022.

Deferred Taxes

As at 31 December 2023 and 31 December 2022, the Bank had no deferred tax assets.

As at 31 December 2023, tax losses carried forward from previous periods, by year of expiry, are analyzed as follows:

Amounts expressed in thousand of Kwanzas

Year	Year of expiry	Tax losses
2022	31/12/2027	21 838 961
2023	31/12/2028	150 605 568
		172 444 529

The tax authorities may review the Bank's tax position for a period of five years, and as a result of different interpretations of tax law, potential adjustments to the respective tax/tax losses assessed may arise.

The Bank's Board of Directors believes that any additional settlements, which may result from these reviews, will not be significant for the financial statements.

14. OTHER ASSETS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	-	15 818
	-	**15 818**
Other assets of a tax nature		
Other taxes receivable	2 780 768	2 103 421
	2 780 768	**2 103 421**
Other amounts of a civil nature		
Sundry debtors:		
Public sector - Government	1 319 137	896 708
Private sector – Corporate	1 673 006	3 732 048
Private sector – Staff	1 362 154	1 431 905
Private sector – Retail	296	1 013
Advances to fixed asset suppliers	8 336 615	3 311 070
	12 691 208	**9 372 744**

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Other amounts of an administrative and commercial nature		
Prepaid expenses:		
Rents and leasing	-	25 483
Insurance	48 326	78 779
Other	1 093 772	473 115
	1 142 098	**577 377**
Office material	2 946 924	1 312 734
Other advances:		
Cash shortfalls	6 287	8 623
BFA - Capital Markets	1 202 917	499 054
BFA - Pensions	858 711	120 646
Active transactions pending settlement	1 111 583	1 176 304
Other	672 977	552 452
	3 852 475	**2 357 079**
	23 413 473	**15 739 173**

As at 31 December 2022, the balance of Foreign exchange spot transactions corresponds to foreign exchange transactions to be settled on D+1.

As at 31 December 2023 and 31 December 2022, Other taxes receivable essentially represents taxes recoverable through the provisional assessment of Corporate Tax.

As at 31 December 2022 and 31 December 2021, Other amounts of a civil nature - Sundry debtors: Advances to fixed assets suppliers refers to advances made to suppliers of property, plant and equipment in the course of the Bank's business, relating to the acquisition of goods and services, namely the acquisition of vehicles, IT equipment and real estate.

As at 31 December 2023 and 31 December 2022, Other amounts of an administrative and commercial nature - Accruals refers to outstanding operations at the end of the month which were settled in the first days of the following month.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Transactions in the Interbank Money Market		
Deposits from Credit Institutions in the country - Loan (AOA)	35 762	32 112
Deposits from Credit Institutions abroad	24 502 926	3 069 090
Deposits from other entities		
Certified checks	419 514	537 461
ATM transactions - to be settled	2 882 721	6 989 609
Other	-	57 979
	27 840 923	**10 686 251**

In the period ended 31 December 2023, Deposits from credit institutions abroad includes the amount of AOA 22,442,172 thousand (Note 28), relating to dividends distributed to the shareholder BPI which were not transferred outside the Bank's sphere on that date, bearing interest at a rate of 12% and maturing in June 2024. The amount recorded includes interest of AOA 80,788 thousand.

The breakdown of deposits from Other credit institutions, by residual maturity, is disclosed in Note 30.2.

As at 31 December 2023 and 31 December 2022, the balance under Deposits from other entities relates essentially to interbank clearing values, namely, certified checks, ATM transactions, Multicaixa network transactions which were settled in the first days of the following month and import letters of credit.

16. DEPOSITS FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2023 and 31 December 2022, the caption Deposits from customers and other loans is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Demand deposits from residents		
In national currency	804 093 636	598 660 818
In foreign currency	331 700 299	263 011 913
	1 135 793 935	**861 672 731**
Demand deposits from non-residents		
In national currency	57 749 394	25 396 687
In foreign currency	6 972 050	4 620 118
	64 721 444	**30 016 805**
Interest on demand deposits	5 994	28 685
Total demand deposits	**1 200 521 373**	**891 718 221**
Term deposits from residents		
In national currency	552 275 214	449 847 152
In foreign currency	1 064 057 579	676 387 091
	1 616 332 793	**1 126 234 243**
Term deposits from non-residents	23 395 786	8 063 149
Interest on term deposits	17 415 531	14 269 591
Total term deposits	**1 657 144 110**	**1 148 566 983**
Total deposits	**2 857 665 483**	**2 040 285 204**

As at 31 December 2023 and 31 December 2022, term deposits from customers have the following structure, according to the residual maturity of the operations:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Up to 1 month	319 990 193	379 408 934
1 to 3 months	568 653 621	325 774 230
3 to 6 months	459 266 809	10 544 595
6 to 12 months	292 328 236	234 343 736
1 to 3 years	16 905 251	198 495 488
	1 657 144 110	**1 148 566 983**

As at 31 December 2023 and 31 December 2022, interest on customer term deposits earned interest at the following annual weighted average rates:

	2023/12/31	2022/12/31
In Kwanzas	10,69%	10,82%
In US Dollars	1,43%	1,40%
In Pounds Sterling	0,69%	-
In Euros	1,41%	0,08%

As at 31 December 2023 and 31 December 2022, demand and term deposits, by type of customer, presented the following structure:

Amounts expressed in thousand of Kwanzas

	31/12/2023	31/12/2022
Demand deposits		
Public sector - Government	99 847 345	125 329 625
Public sector - Corporate	27 658 753	10 404 615
Corporate	664 676 323	449 856 773
Retail	408 338 952	306 127 208
	1 200 521 373	**891 718 221**
Term deposits		
Public sector - Government	31 532 471	44 523 141
Public sector - Corporate	33 482 550	15 123 613
Corporate	830 106 211	547 066 858
Retail	762 022 878	541 853 371
	1 657 144 110	**1 148 566 983**
	2 857 665 483	**2 040 285 204**

17. IMPAIRMENT AND PROVISIONS

During the periods ended 31 December 2022 and 31 December 2022, the movement in impairment and provisions was as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31								
		Increases	Decreases						
	Balance as at 2022/12/31	Charge for the period	Refunds and write-offs	Impact on Profit or Loss	Write-offs	Charge-off	Exchange rate and other differences	Transfers	Balance as at 2023/12/31
Impairment of other financial assets									
Loans and advances to credit institutions (Note 5)	3 444	18 284	(20 238)	(1 954)	-	-	2 690	-	4 180
Other loans and advances to central banks and credit institutions (Note 6)	320 964	692 128	(797 072)	(104 944)	-	-	159 104	-	375 124
Investments at amortized cost (Note 8)	10 211 818	3 501 587	(2 173 764)	1 327 823	-	-	1 509 130	-	13 048 771
	10 536 226	4 211 999	(2 991 074)	1 220 925	-	-	1 670 924	-	13 428 075
Impairment of other assets	**606 592**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**606 592**
Non-current assets held for sale (Note 10)	408 792	-	(11 917)	(11 917)	-	-	-	-	396 875
Property, plant and equipment and intangible assets (Note 12)	1 015 384	-	(11 917)	(11 917)	-	-	-	-	1 003 467
	53 991 485	4 562 615	(2 641 476)	1 921 139	(9 247 161)	-	3 602 613	-	50 268 076
Loan impairment (Note 9)									
Provisions:	18 236 028	-	-	-	-	(1 230 731)	9 765 133	-	26 770 430
Of a social or statutory nature	32 680 810	16 433 575	(18 284 254)	(1 850 679)	-	(4 465 809)	1 910 103	-	28 274 425
Of an administrative and commercial nature	661 325	697 869	(941 068)	(243 199)	-	-	61 665	-	479 791
Guarantees provided and undrawn credit facilities (Note 9)	**51 578 163**	**17 131 444**	**(19 225 322)**	**(2 093 878)**	**-**	**(5 696 540)**	**11 736 901**	**-**	**55 524 646**
	117 121 258	**25 906 058**	**(24 869 789)**	**1 036 269**	**(9 247 161)**	**(5 696 540)**	**17 010 438**	**-**	**120 224 264**

Amounts expressed in thousand of Kwanzas

	2022/12/31								
		Increases	Decreases						
	Balance as at 2021/12/31	Charge for the period	Refunds and write-offs	Impact on Profit or Loss	Write-offs	Charge-off	Exchange rate and other differences	Transfers	Balance as at 2022/12/31
Impairment for other financial assets									
Loans and advances to credit institutions (Note 5)	7 570	19 200	(22 779)	(3 579)	-	-	(547)	-	3 444
Other loans and advances to central banks and credit institutions (Note 6)	353 978	245 495	(247 703)	(2 208)	-	-	(30 806)	-	320 964
Investiments at amortised cost (Note 8)	13 472 621	829 040	(3 339 380)	(2 510 340)	-	-	(750 463)	-	10 211 818
	13 834 169	1 093 735	(3 609 862)	(2 516 127)	-	-	(781 816)	-	10 536 226
Impairment of other assets									
Non-current assets held for sale (Note 10)	514 111	92 481	-	92 481	-	-	-	-	606 592
Property, plant and equipment and intangible assets (Note 12)	436 259		(27 467)	(27 467)	-	-	-	-	408 792
	950 370	92 481	(27 467)	65 014	-	-	-	-	1 015 384
Loan impairment (Note 9)	**53 371 637**	**4 882 845**	**(2 775 502)**	**2 107 343**	**(557 019)**		**(930 476)**		**53 991 485**
Provisions:									
Of a social or statutory nature	21 554 210	123 889	(123 889)	-	-	(1 410 890)	(1 907 292)	-	18 236 028
Of an administrative and commercial nature	26 880 849	14 064 741	(7 302 461)	6 762 280	-	(266 413)	(695 906)	-	32 680 810
Guarantees provided and undrawn credit facilities (Note 9)	**535 590**	**375 390**	**(233 051)**	**142 339**	**-**	**-**	**(16 604)**	**-**	**661 325**
	48 970 649	**14 564 020**	**(7 659 401)**	**6 904 619**	**-**	**(1 677 303)**	**(2 619 802)**	**-**	**51 578 163**
	117 126 825	**20 633 081**	**(14 072 232)**	**6 560 849**	**(557 019)**	**(1 677 303)**	**(4 332 094)**	**-**	**117 121 258**

For the period ended 31 December 2023, the Bank increased impairment, on a net basis, in the amount of AOA 1,327,823 thousand for the portfolio of Impairment of other financial assets – Investments at amortized cost (see Note 8).

In terms of Loan impairment, the Bank reversed impairment, on a net basis, in the amount of AOA 1,677,940 thousand (see Note 9).

In 2023, the Bank wrote off a set of operations, with an impairment amount of AOA 9,247,161.

As at 31 December 2023, the caption Guarantees provided includes the impairment recognized for off-balance sheet captions of documentary credits, guarantees provided and undrawn limits included in the loan portfolio. The Bank increased impairment, on a net basis, in the amount of AOA 243,199 thousand (2022: AOA 142,339 thousand) (see Note 9).

In 2018, the Bank created the Social Responsibility Department, which comprises the (i) monitoring of the "BFA Solidário" project and (ii) subsidies units and is responsible for the Bank's social activities until the process of setting up the BFA Foundation is completed.

Since it is the intention of the Bank's Board of Directors that the provision existing as at 31 December 2023 in the amount of AOA 26,770,430 thousand (2022: AOA 18,236,028 thousand) be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that it be alternatively used through the social activity to be developed by the Social Responsibility Directorate until the incorporation of the Fundação BFA is completed.

As at 31 December 2023 and 31 December 2022, the caption Provisions of an administrative and commercial nature consists of provisions to cover several contingencies, frauds, ongoing legal proceedings, and other liabilities, corresponding to the best estimate of the costs that the Bank will bear in the future with these liabilities.

In 2023, the Bank settled the amount of AOA 4,183,789 thousand to deal with tax proceedings.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Foreign exchange transactions		
Foreign exchange spot transactions	6 902	-
	6 902	**-**
Taxes payable - withheld from third parties		
On income	745 313	428 444
Other	6	5 500
	745 319	**433 944**
Liabilities of a civil nature	**5 912 161**	**9 276 155**
Liabilities of a statutory nature - Dividends outstanding	**-**	**48 150 000**
Liabilities of an administrative and commercial nature		
Staff – salaries and wages		
Holiday pay and holiday allowance	5 704 604	6 469 228
Performance bonus	9 016 005	7 490 462
Other staff costs	1 778 333	1 151 709
Corporate bodies - Performance bonus	1 192 288	-
Contributions to the Bank Employees Union	2 807	15 188
	17 694 037	**15 126 587**
Other administrative and marketing costs payable		
Liabilities to be settled	4 853	4 095
Accrued costs	2 858 647	10 183 975
VAT payable	1 203 024	113 813
Deposit Fund Guarantee	1 370 658	1 022 921
Premium/Discount - Acquisition of securities	14 567 530	12 806 211
IAC Accrual - Own Portfolio	2 037 309	2 262 507
Other	7 317 219	6 532 465
	29 359 240	**32 925 987**
Total other liabilities	**53 717 659**	**105 912 673**
Lease liabilities	5 325 022	4 622 610
	59 042 681	**110 535 283**

The balance of the caption Tax charges payable – withheld on behalf of third parties includes amounts payable to the Tax Authorities in the month following the month to which it relates. The balance of the caption Liabilities of a civil nature corresponds to invoices for services rendered outstanding to the Bank's suppliers.

As at 31 December 2022, the balance of the caption Liabilities of a statutory nature corresponds to dividends with deferred payment allocated to the Bank's shareholders pending settlement, in the amount of AOA 48,150,000 thousand, as per Note 19. In the period ended 31 December 2023, this amount was settled.

As at 31 December 2023 and 31 December 2022, the balance of the caption Liabilities of an administrative and marketing nature – Staff – Salaries and wages includes the amounts of holidays and holiday allowances, performance bonus and other staff costs.

On 28 March 2023, by Unanimous Written Resolution no. 3/2023 (and following the postponement of the decision taken at the General Meeting of 30 March 2023), the amount relating to 60% of the variable remuneration for 2022 was settled and 40% of that amount deferred for a 3-year period, to be valued considering the interest rate of Angolan treasury bonds, traded on the secondary market, in the same currency and maturity as the deferral.

As at 31 December 2023, this caption included the amount of AOA 1,192,288 thousand relating to 40% of the Variable Remuneration of the Directors of the Executive Committee for 2022 plus the remuneration described above.

The caption Premium/Discount – Acquisition of securities in the amount of AOA 14,567,530 and AOA 12,806,211 refer to the amount to be deferred to the gain on day 1, for the acquisition of public debt securities, considering that the fair value calculated by the Bank at the time of acquisition does not derive from prices directly observed in the market (the operation was OTC), but based on curves (level 2), it was concluded that the difference between the fair value of the security acquired and the acquisition price (P&L of day 1) should be accrued over the maturity of the securities and/or recognized in profit or loss at the time of derecognition.

The balance of the caption Other administrative and marketing costs payable – Accrued costs includes the amount of AOA 2,858,647 thousand (2022: AOA 10,653,214 thousand) related to accrued costs with external supplies and services rendered and not yet invoiced by the suppliers.

As at 31 December 2023 and 31 December 2022, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognized under IFRS 16.
The caption Other administrative and marketing costs payable – IAC accruals – Own portfolio refers to the IAC payable to the BNA on the interest on securities in its own portfolio.

The caption Other administrative and marketing costs payable – Other corresponds to balances being settled.

The detail of the lease liabilities by maturity is presented below:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Lease liabilities		
Up to 1 year	2 157 672	2 088 833
1 to 5 years	3 965 875	2 705 617
More than 5 years	1 193 481	1 610 234
	7 317 028	**6 404 684**
Interest accrued on net interest income	1 992 006	1 782 074
	5 325 022	**4 622 610**

Lease liabilities relate to the lease agreements for branches and offices used by the Bank in the course of its business.

19. EQUITY

Share Capital

The Bank was incorporated with a share capital of AOA 1,305,561 thousand (equivalent to Euro 30,188,657 at the exchange rate in force on 30 June 2002), represented by 1,305,561 registered shares of one thousand Kwanzas each, having been subscribed and paid-up by incorporation of all assets and liabilities, including property or real estate rights of any nature, as well as all the rights and obligations of the former BFE Branch.

At the end of the 2004, 2003 and 2002, the Bank increased its share capital by AOA 537,672 thousand, AOA 1,224,333 thousand and AOA 454,430 thousand, respectively, through the incorporation of the special reserve for the maintenance of own funds, in order to maintain the counter value in kwanzas of the initial capital endowment in foreign currency.

By Unanimous Resolution of the General Meeting, of October 4, 2018, it was decided to increase BFA's share capital by incorporating reserves recorded under the caption Other reserves and Retained earnings in the amount of AOA 11,478,004 thousand. This capital increase was carried out within the scope of Notice No. 02/2018 of the Banco Nacional de Angola, which defines that the minimum value of fully paid-up share capital in national currency is AOA 7,500,000 thousand.

On 26 November 2018, there was an increase in share capital which corresponded to an increase in the shareholding of each shareholder in proportion to their respective holdings in the share capital of the Bank at that date, with 13,694,439 shares having been issued with a par value of AOA 1,000. Accordingly, at the end of December 31, 2018, the Bank had a total of 15,000,000 ordinary shares outstanding.

Consequently, as at 31 December 2022, the share capital of the Bank amounts to AOA 15,000,000 thousand, represented by 15,000,000 nominal shares of one thousand kwanzas each, resulting from the aforementioned capital increases.

On 30 March 2023, the General Shareholders' Meeting decided on a share capital increase by incorporating Free Reserves in the amount of AOA 30,000,000 thousand, remaining above the minimum set by the BNA stipulated in BNA Notice No. 17/2022, raising the capital to AOA 45,000,000 thousand.

Following this resolution, Banco de Fomento Angola, S.A., in accordance with the Angolan Commercial Companies Code, registered the change in capital, which was registered after a public deed on 22 August 2023 and registered at the Commercial Registry Office on 28 August 2023. In addition, following a public deed on 22 August 2023 at the Commercial Registry Office, the General Shareholders' Meeting decided to regroup its shares representing its share capital by applying a regrouping ratio of 1:5, with each 5 shares prior to the regrouping corresponding to 1 share after the regrouping, with the regrouping applying to all shares in the same proportion The Bank regrouped the 45,000,000 shares it had after increasing its capital by incorporating reserves into 9,000,000 shares with a nominal value of 5,000 each.

As at 31 December 2023 and 31 December 2022, the shareholder structure of the Bank is as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31		2022/12/31	
	Number of shares	%	Number of shares	%
Unitel, S.A.	4 671 000	51,90%	7 785 000	51,90%
Banco BPI, S.A.	4 328 370	48,09%	7 213 950	48,09%
Other BPI Group entities	630	0,01%	1 050	0,01%
	9 000 000	**100%**	**15 000 000**	**100%**

On 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, which led to an increase in Unitel's stake in BFA from 49.9% to 51.9%. On that same date, the new shareholders' agreement concerning BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization from the Banco Nacional de Angola (BNA) for the increase in the qualified shareholding already held by Unitel in BFA and authorization for the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of Euro 28 million;
- Authorization from the BNA to change the Articles of Association of BFA; and
- Approval of the operation by the General Shareholders' Meeting of Banco BPI.

On 12 December 2016, the Banco Nacional de Angola communicated that it did not object to the practice of the following acts:

i) Partial amendment of BFA's Articles of Association;
ii) Increase in Unitel's qualified shareholding in the share capital of BFA through the acquisition from Banco BPI of 26,111 ordinary shares representative of 2% of share capital;
iii) Indirect acquisition of the qualified shareholding representative of 48.01% of BFA's share capital of BFA, following the settlement of the general and mandatory initial public offer (IPO) launched by Caixabank for all the shares representative of Banco BPI's share capital.

The BNA established as a condition that the three operations referred to above are indivisible, i.e., it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement entered into in 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of the share capital of BFA was completed.

On 26 November 2018, a share capital increase took place which corresponded to an increase in the shareholding of each shareholder in proportion to their respective shareholdings in the Bank's share capital at that date, with 13,694,439 shares with a nominal value of AOA 1,000 having been issued. Accordingly, as at 31 December 2018, the Bank had a total of 15,000,000 ordinary shares outstanding.

On 22 August 2023, the Bank formalized the share capital increase by incorporation of Free Reserves in the amount of AOA 30,000,000 thousand, grouping its shares to the amount of 9,000,000 shares, with a nominal value of AOA 5,000.

Other reserves and Retained earnings

As at 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Other reserves and retained earnings		
Legal reserve	38 224 192	17 155 909
Other reserves	316 792 208	311 678 403
Retained earnings	-	-
	355 016 400	**328 834 312**

By unanimous resolution of the General Shareholders' Meeting held on 30 March 2023, it was decided to distribute dividends to shareholders in the amount of AOA 84,273,132 thousand, corresponding to 60% of the net profit for 2022 (AOA 140,455,220 thousand). Of the remaining amount, 15% (equivalent to AOA 21,068,283 thousand) was transferred to the Legal reserve and 25% (equivalent to AOA 35,113,805 thousand) was transferred to Other reserves.

Under current legislation, Banking Credit Institutions must set aside a legal reserve of no less than 10% of net profit for each period, to set up a legal reserve up to a limit equivalent to the value of the share capital. This reserve can only be used to cover accumulated losses when the remaining reserves have been exhausted. As a result of the General Shareholders' Meeting resolution on the capital increase, effective on 22 August 2023, the Bank increased the legal reserve by 15%, as part of the distribution of profits for 2022, by unanimous resolution of the General Shareholders' Meeting held on 30 March 2023.

The General Shareholders' Meeting on 16 June 2021 unanimously approved the distribution, by way of extraordinary dividends with deferred settlement, of other reserves and retained earnings in the amount of AOA 160,500,000 thousand – to be settled in three installments on the following dates:

- 40% corresponding to AOA 64,200,000 thousand on 30 September 2021;
- 30% corresponding to AOA 48,150,000 thousand on 30 June 2022; and
- 30% corresponding to AOA 48,150,000 thousand on 30 June 2023.

IFRIC 17 – Distributions of non-cash assets stipulates that the dividend payable is recorded considering the fair value of the asset to be delivered, which, in this case, given the fact that this distribution is made through cash outflow, its fair value was considered to be AOA 160,500,000 thousand.

As at 31 December 2023, all extraordinary dividends had been fully paid, as disclosed in Note 18.

In the period ended at 31 December 2023, the Bank settled a total of AOA 132,423,132 thousand relating to the distribution of dividends for 2022 (AOA 84,273,132 thousand) and the extraordinary dividend described above (AOA 48,150,000 thousand).

Earnings and dividend per share

In the periods ended 31 December 2023 and 31 December 2022, the basic earnings per share and the dividend attributed, relating to the profit of the previous year, were as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31 IAS 33 effect	2022/12/31
Average number of ordinary shares issued	5 153 425	3 000 000	15 000 000
Net profit/(loss) for the period	167 509 612	140 455 220	140 455 220
Dividends distributed in the period relating to the previous period	84 273 132	78 235 866	78 235 866
Basic earnings per share	32,505	46,818	9,36
Diluted earnings per share	32,505	46,818	9,36
Dividend per share attributed during the period	16,353	26,08	5,22

In accordance with the provisions of IAS 33 – Earnings per share, the basic earnings per share and the dividend paid during the period should be adjusted retrospectively for all the periods affected, in the event of an increase or decrease in the number of ordinary shares.

20. NET INTEREST INCOME

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Interest and similar income		
For short-term investments:		
Term deposits with credit institutions abroad	28 236 811	5 626 364
Term deposits with credit institutions in the country	5 604 480	1 089 638
Other	1 148 934	149 705
Income from reverse purchase agreements	16 762 523	22 602 705
	51 752 748	**29 468 412**
From securities:		
From securities at fair value through profit or loss		
Treasury Bonds	8 183 746	13 057 126
From investments at amortized cost		
Treasury Bonds	161 010 200	153 305 678
Treasury Bills	4 746 887	13 283 046
Reverse Repos	11 499 664	-
	185 440 497	**179 645 850**
From loans granted		
Corporate and Government		
Loans	54 080 986	39 870 825
Credit current account	5 336 970	5 497 570
Other loans	6 771	4 119
Mortgages	388 199	330 097
Consumer credit	12 324 968	9 880 021
Other credit	3 680 558	2 979 184
Interest overdue	514 104	-
	76 332 556	**58 561 816**
Total interest and similar income	**313 525 801**	**267 676 078**

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Interest and similar income		
Interest and similar expense		
From deposits:		
Demand deposits	729 268	455 504
Term deposits	62 954 786	49 712 294
	63 684 054	**50 167 798**
Funding liquidity:		
From transactions in the Interbank Money Market	2 220 981	603 132
	2 220 981	**603 132**
Other interest and similar expense	685 996	729 019
	685 996	**729 019**
Total interest and similar expense	**66 591 031**	**51 499 949**
Net interest income	**246 934 770**	**216 176 129**

21. FEES AND COMMISSIONS INCOME/(EXPENSE)

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Fees and commissions income		
Fees and commissions on ATMs and TPAs	13 717 769	12 324 536
Fees and commissions on securities	3 260 740	4 300 759
Fees and commissions on payment orders issued	2 693 227	2 068 583
Fees and commissions on cards	1 737 744	1 873 827
Fees and commissions on open import documentary credits	1 562 209	1 014 421
Fees and commissions on currency sales	1 390 380	1 835 237
Fees and commissions on card cancellation/replacement	1 302 349	658 999
Fees and commissions on guarantees and sureties provided	1 046 025	963 246
Fees and commissions for restructuring credit operations	1 009 818	806 014
Fees and commissions for opening loans	853 560	699 929
Fees and commissions on the issuance of checks	804 768	779 338
Fees and commissions on interbank services	631 673	556 589
Fees and commissions on services rendered	623 967	1 415 071
Other fees and commissions	2 257 243	1 611 507
	32 891 472	**30 908 056**
Fees and commissions expense		
Fees and commissions on cards	(13 096 346)	(11 347 190)
Fees and commissions on ATMs and TPAs	(1 221 981)	(987 196)
Fees and commissions on securities - Liabilities	(1 067 612)	(279 079)
Other fees and commissions	(837 720)	(798 947)
	(16 223 659)	**(13 412 412)**
Total	**16 667 813**	**17 495 644**

The variation in the caption Fees and commissions income – Fees and commissions on ATM and POS and in the caption Fees and commissions expense – Fees and commissions on cards, compared to the same period of the previous year, is due to the increase in EMIS prices and its impact on the corresponding prices.

22. FOREIGN EXCHANGE GAINS/(LOSSES)

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Changes in exchange rates on assets and liabilities		
denominated in foreign currency	4 573 031	(4 953 726)
Foreign exchange spot and forward transactions	(109 504)	(393 793)
Foreign currency purchase and sale transactions	14 554 465	22 634 301
	19 017 992	**17 286 782**

The caption Changes in exchange rates on assets and liabilities denominated in foreign currency essentially refers to the foreign exchange gains/(losses) related to the exchange revaluation of the Bank's assets and liabilities in foreign currency.

23. GAINS/(LOSSES) ON DISPOSAL OF OTHER ASSETS

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Net gains/(losses) on sale of assets		
Gains on sale of property, plant and equipment	145 684	74 215
Losses on sale of property, plant and equipment	(176)	(203)
	145 508	**74 012**

24. OTHER OPERATING INCOME/(EXPENSE)

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Operating income:		
Recovery of administrative and commercial expenses	6 888 192	6 047 171
Gain on expenses charged	3 760 264	2 730 140
Gains on credit recovery	342 381	331 428
Other	8 136 448	1 213 684
	19 127 285	**10 322 423**
Operating expense:		
Taxes and fees not levied on income	(9 256 183)	(7 326 275)
Contribution to Deposits Guarantee Fund	(1 370 658)	(1 433 564)
Penalties applied by regulatory authorities	(131 887)	(371 856)
Other	(296 309)	(123 822)
	(11 055 037)	**(9 255 517)**
	8 072 248	**1 066 906**

In the periods ended 31 December 2023 and 31 December 2022, the caption Taxes and fees not levied on income includes a balance for value added tax in the amount of AOA 7,214,461 thousand and AOA 5,381,722 thousand, respectively.

In the periods ended 31 December 2023 and 31 December 2022, the caption Other operating income – Recovery of administrative and commercial expenses refers essentially to: (i) the reimbursement of communication and shipping expenses originally borne by the Bank, namely in execution of payment order operations and (ii) gains from lease renegotiations.

25. STAFF COSTS

In the periods ended 31 December 2022 and 31 December 2021, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Members of the Management and Supervisory Bodies		
Monthly remuneration	3 241 641	3 096 610
Additional remuneration	2 820 538	3 704 794
Mandatory social charges	421 945	523 786
	6 484 124	**7 325 190**
Staff		
Monthly remuneration	40 305 204	40 666 327
Additional remuneration	6 386 234	5 172 924
Mandatory social charges	3 567 025	2 736 330
Optional social charges	4 130 113	3 742 066
Other	230 103	187 780
	54 618 679	**52 505 427**
Pension costs		
Supplementary pension plan	2 407 792	3 386 149
	2 407 792	**3 386 149**
	63 510 595	**63 216 766**

In 2013, with reference to the last day of the year, the Bank set up the BFA Pension Fund to cover the liabilities with retirement pensions for old age, disability and survival that the Bank granted to its Angolan employees registered with the Social Security, having used the provisions previously set up as an initial contribution to the BFA Pension Fund (defined contribution plan). In accordance with the contract for the set-up of the Fund, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries.

In November 2022, Order No. 3923/22 ((Official Gazette) No. 123 of Series II) published the Addendum to the BFA Pension Fund and the New Pension Plan. The new Pension Plan defines a mixed contribution system between the Associate (BFA) and the Employees and sets the Associate's rate at 7.5% on the pensionable salary, also setting a variable employee contribution of between 2.5% and 10% on the pensionable salary.

As at 31 December 2023 and 31 December 2022, the Bank's contribution to the BFA Pension Fund amounted to AOA 2,419,562 thousand and AOA 3,386,149 thousand, respectively. As at 31 December 2023, the responsibility for the management of the BFA Pension Fund rests with Fenix – Sociedade Gestora de Fundos de Pensões, S.A. The Bank assumes the role of depositary of the Fund.

26. EXTERNAL SUPPLIES AND SERVICES

In the periods ended 31 December 2023 and 31 December 2022, this caption is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Audit, advisory and other specialised technical services	12 399 250	11 048 455
Safety, maintenance and repair	10 649 546	4 206 187
Sundry materials	3 648 382	3 286 455
Advertising and marketing	3 258 867	3 313 368
Transport, travel and accommodation	2 678 167	1 915 903
Communication	2 559 277	2 145 195
Water and energy	478 553	611 729
Insurance	760 636	554 783
Rentals	167 809	127 675
Other external supplies and services	488 054	491 076
	37 088 541	**27 700 826**

The fees for services rendered by the external auditor during 2023 and 2022 are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
External audit services	394 469	214 124
Other assurance services as part of the external auditor's duties	93 665	62 719
	488 134	**276 843**

27. OFF-BALANCE SHEET DISCLOSURES

These captions are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Liabilities to third parties:		
Guarantees provided	68 560 046	58 984 788
Commitments to third parties		
- Open documentary credits	42 558 525	17 644 775
Undrawn limits	45 101 700	41 513 020
	156 220 271	**118 142 583**
Liabilities for services rendered:		
Services rendered by the Bank		
- Safekeeping of securities	200 279 059	917 188 788
- Check clearing on foreign banks	440 513	165 751
- Documentary remittances	(95 157 799)	(57 658 695)
	105 561 773	**859 695 844**

As at 31 December 2023 and 31 December 2022, the Bank has set up provisions to cover the credit risk assumed on the granting of guarantees, documentary credits and irrevocable credit facilities (Undrawn limits), in the amounts of AOA 479,791 thousand and AOA 661,325 thousand, respectively (Notes 9 and 17).

As at 31 December 2023 and 31 December 2022, the notional amounts of the forwards are recognized under off-balance sheet captions in the amounts of AOA 7,703,799 thousand and AOA 18,658,343 thousand, respectively. (Note 7)

As at 31 December 2023 and 31 December 2022, the caption Safekeeping of securities refers essentially to securities of customers in the custody of the Bank.

28. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank – Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy – Associates and joint ventures and the Pension Fund;
- key management personnel of the Bank, considering for this purpose executive and non-executive members of the Board of Directors and companies in which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder with control over the Bank (executive and non-executive members of the Board of Directors); and
- entities controlled or jointly controlled by key personnel of the shareholder with control over the Bank.

In the period ended 31 December 2023, the Bank's related parties with which it had balances or transactions are as follows:

BFA shareholders
BPI Group
Unitel

Members of Corporate Bodies – UNITEL	Companies in which Members of Corporate Bodies have significant influence
Aguinaldo Jaime	• MULTINVEST-INVEST. E PARTICIPAÇÕES, Lda. • HOTEL PRAIA MAR, Lda.
Osvaldo António Inácio	
António Miguel Ferreira Geraldes	
Amílcar Frederico Safeca	• NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA • ANTOSC, S.A. • ANGLOBAL - COMÉRCIO, INDÚSTRIA E SERVIÇOS, S.A.
Eliana Maria Fortes dos Santos	
Arlindo Ngueva Narciso das Chagas Rangel	• TRANSLUX EXPRESS, Lda.
José Manuel Rela dos Santos Bento	

UNITEL investees	
• ANGOLA CABLES, S.A. • UNITEL INTERNATIONAL, B.V. • HOLDFINANCE • UNI TELECOMUNICAÇÕES • UNITEL SOCIEDADE IMOBILIÁRIA	• TELEACE JLT • UNICANDA - AGRO-INDUSTRIAL (SU), S.A. • UNITEL SPM - SERVIÇOES DE PAGAMENTOS MÓVEIS (SU) S.A. • UNITEAL SOCIEDADE IMOBILIÁRIA, S.A. (USI - MOBILIÁRIA, S.A.)

BFA – Members of Corporate Bodies and Companies in which Members have control

Board of Directors	Companies in which Members have control or joint control
Maria do Carmo Bastos Corte Real Bernardo	• GRUPO REAL
Osvaldo Salvador de Lemos Macaia	• OHM SERVICES
Divaldo Kienda Feijó Palhares	
Jacinto Manuel Veloso	• BLENDGEST CONSULTING, Lda. • VLS GLOBAL
Filomeno da Costa Alegre Alves de Ceita	
Laura Maria Alcântra Monteiro	
Maria Amélia da Conceição Freitas Montenegro Duarte	• MON LARAMA ET ALLL SERVIÇOS, S.A.
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	• LEAD ADVOGADOS - SOCIEDADE DE ADVOGADOS RL
Sebastião Machado Francisco Massango	• SEILMA, Lda. • HONGAMBANDU RESTAURAÇÃO E CARTERING
Paulo Lelis de Freitas Alves	
José Alves do Nascimento	
Francisca Ferrão Costa	• MOONEMPIRE UNIPESSOAL, LDA
Paulo Valódia de Carvalho Moreira da Silva	

BFA – Members of Corporate Bodies and Companies in which Members have control

Supervisory Board	Companies in which Members have control or joint control
Alcides Horácio Frederico Safeca	• ARLUNDA - COMÉRCIO E SERVIÇOS, LDA • AFIMA - COMERCIO E SERVIÇOS, LDA • GRUPO OMNIA - SOCIEDADE DE INVESTIMENTOS LDA • LISASTERN - EXPLORAÇÃO MINEIRA, S.A (N/I)
Adilson de Jesus Manuel Sequeira	• AUDFISCO, LDA
Valdir de Jesus Lima Rodrigues	
Luzia de Castro Peres do Amaral	
Henda N´Zinga Câmara Pires Teixeira	

BFA Investees
BFA GESTÃO DE ACTIVOS SGOIC., S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Rui Helvídio Gonçalves de Oliveira	• EUROCUANZA, Lda. • SOCONCRETO CONSTRUÇÕES, S.A. • RUCATUR, Lda. • RUCATUR - RUCA'S PLACE
Manuel André	• TALARA COMERCIAL, Lda.
Carla Yessénia de Lousada L. E. de Jesus	• CNST-SERV, Lda.
*Other Members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S - ASSURANCE AND ADVISORY, S.A. • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A. • PKF ANGOLA. AUDITORES E CONSULTORES, S.A.
Catarino Eduardo César	• SIMPÓSIO DE AUDITORIA INTERNA
Eliana Maria Fortes dos Santos	
Ana Marisa da Rocha Domingos	

BFA Investees
BFA PENSÕES SOCIEDADE GESTORA DE FUNDOS DE PENSÕES, S.A.

Board of Directors	Companies in which Members have control or joint control
António José Simões Matias	• INSTITUTO DE FORMAÇÃO BANCÁRIA DE ANGOLA
Natacha Sofia da Silva Barradas*	
Paulo Alexandre Caldeira Lages Ferreira	
Neusa Lopes Pilartes da Silva	
Rosário Manuel Alberto Dala	
*Other Members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S – ASSURANCE AND ADVISORY, S.A • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A. • PKF ANGOLA. AUDITORES E CONSULTORES, S.A.
Mariana da Conceição Francisco Assis	
José Miguel da Costa Henriques Sardinha	
Euclides Firmino Capitamolo	
Valentim Joaquim Manuel	

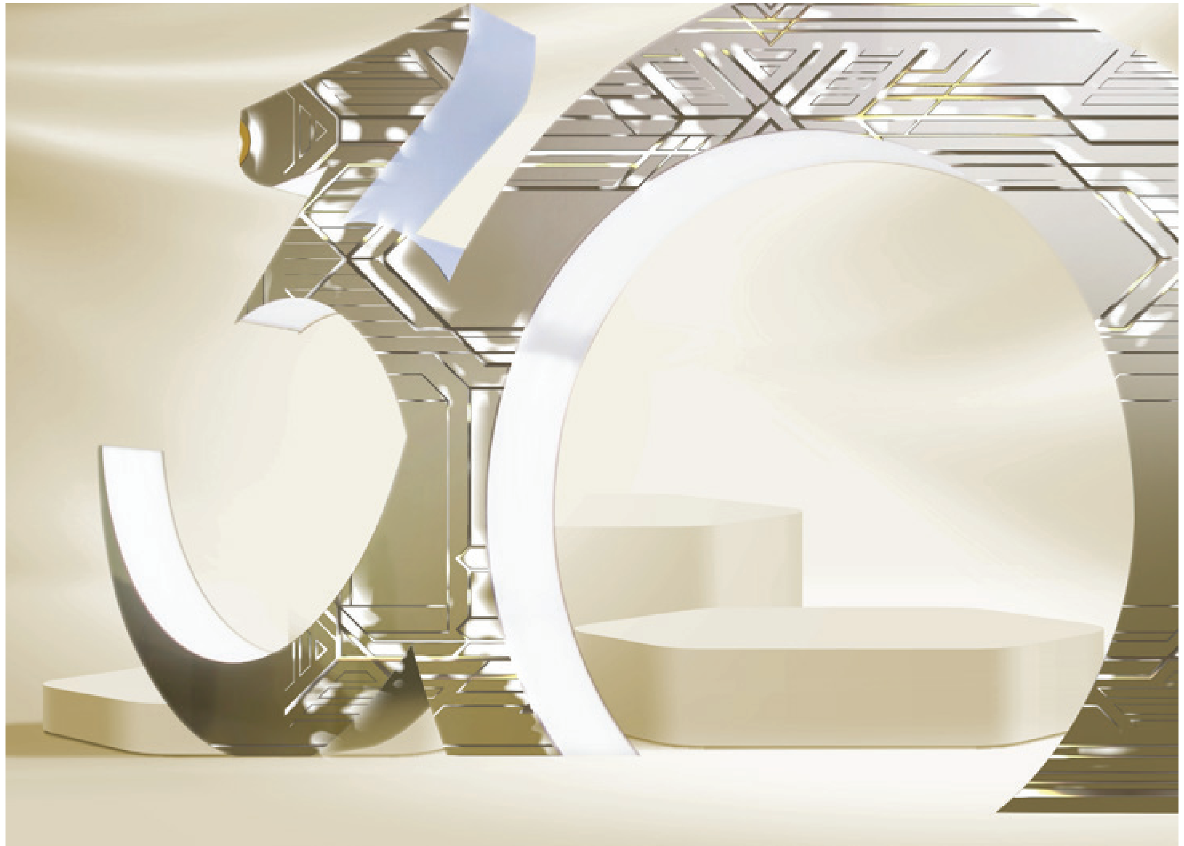
BFA Investees
BFA CAPITAL MARKETS, SDVM, S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Deolinda Suzete Bravo da Rosa	
Telmo José Pacavira Dias Van-Dúnem	• TINATEL INVESTMENTS, Lda.
Cláudia Rocha Cordeiro Almada Lourenço	• MUDIA-AGROINDUSTRIA, COM. PREST. DE SER., Lda. • MICLA-ENSINO GERAL TEC. PROFISSIONAL, Lda.
*Other Members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Mirian Custódio Ferreira	
Catarino Eduardo César	
Mariana Conceição Francisco de Assis	
José Miguel Henriques Sardinha	
Valentim Joaquim Manuel	

- **Qualified Parties**

Unitel Shareholders	Qualified Parties
MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A. – 25% ESTADO ANGOLANO (IGAPE – INSTITUTO DE GESTÃO DE ACTIVOS E PARTICIPAÇÕES DO ESTADO) – 50% PT VENTURES, SGPS, S.A. – 25%	• Sonangol E.P.



The related entities of the Bank with which it maintained balances or transactions in the period ended December 31, 2022 are as follows:

BFA shareholders
BPI Group
Unitel

Members of Corporate Bodies – UNITEL	Companies in which Members of Corporate Bodies have significant influence
Aguinaldo Jaime	• MULTINVEST-INVEST. E PARTICIPAÇÕES, Lda. • HOTEL PRAIA MAR, Lda.
Osvaldo António Inácio	
António Miguel Ferreira Geraldes	
Amílcar Frederico Safeca	• NODIBRAND-SISTEMAS, TECNOLOGIA E CONSULTORIA • ANTOSC, S.A. • ANGLOBAL - COMÉRCIO, INDÚSTRIA E SERVIÇOS, S.A.
Eliana Maria Fortes dos Santos	
Arlindo Ngueva Narciso das Chagas Rangel	• TRANSLUX EXPRESS, Lda.
José Manuel Rela dos Santos Bento	

UNITEL Investees	
• ANGOLA CABLES, S.A. • UNITEL INTERNATIONAL, B.V. • HOLDFINANCE • UNI TELECOMUNICAÇÕES • UNITEL SOCIEDADE IMOBILIÁRIA	• TELEACE JLT • UNICANDA - AGRO-INDUSTRIAL (SU), S.A. • UNITEL SPM - SERVIÇOES DE PAGAMENTOS MÓVEIS (SU) S.A. • UNITEAL SOCIEDADE IMOBILIÁRIA, S.A. (USI - MOBILIÁRIA, S.A.)

BFA – Members of Corporate Bodies and Companies in which Members have Control

Board of Directors	Companies in which Members have control or joint control
Rui Jorge Carneiro Mangueira	
António José Simões Matias	
Divaldo Kenda Feijó Palhares	
Jacinto Manuel Veloso	• BLENDGEST CONSULTING, Lda. • VLS GLOBAL
Luís Roberto Fernandes Gonçalves	
Natacha Sofia da Silva Barradas	
João Fernando Quiúma	• F Q & FILHOS LDA
Filomeno da Costa Alegre Alves de Ceita	
Paulo Lelis de Freitas Alves	
Osvaldo Salvador de Lemos Macaia	
Sebastião Machado Francisco Massango	• SEILMA, Lda. • HONGAMBANDU RESTAURAÇÃO E CARTERING
Vera Cristina dos Anjos Tangue Escórcio	
António Manuel Costa Alfaia	

BFA – Members of Corporate Bodies and Companies in which Members have Control

Supervisory Board	Companies in which Members have control or joint control
Ari Nelson Correia Brandão	• ADVISORS PRESTAÇÃO DE SERVIÇOS, Lda. • PISON IMOBILIARIA, Lda. • ATELIER DO PEIXE, Lda.
Valdir de Jesus Lima Rodrigues	
João Filipe Melão Dias	

BFA Investees

BFA GESTÃO DE ACTIVOS SGOIC., S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tangue Escórcio*	
Rui Helvídio Gonçalves de Oliveira	• EUROCUANZA, Lda. • SOCONCRETO CONSTRUÇÕES, S.A. • RUCATUR, Lda. • RUCATUR - RUCA'S PLACE
Manuel André	• TALARA COMERCIAL, Lda.
Carla Yessénia de Lousada L. E. de Jesus	• CNST-SERV, Lda.

*Other members of the Board of Directors are BFA Directors identified above.

Supervisory Board	Companies in which Members have control or joint control
Henrique Manuel Camões Serra	• C&S - ASSURANCE AND ADVISORY, S.A. • CE-MAGNUS - CONSULTORIA EMPRESARIAL, S.A.
Catarino Eduardo César	
Ana Marisa da Rocha Domingos	

BFA Investees
BFA PENSÕES SOCIEDADE GESTORA DE FUNDOS DE PENSÕES, S.A.

Board of Directors	Companies in which Members have control or joint control
António José Simões Matias*	
Natacha Sofia da Silva Barradas*	
Paulo Alexandre Caldeira Lages Ferreira	
Neusa Lopes Pilartes da Silva	
Rosário Manuel Alberto Dala	
*Other members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Mariana da Conceição Francisco Assis	
Henrique Manuel Camões Serra	
José Miguel da Costa Henriques Sardinha	
Valentim Joaquim Manuel	
Euclides Firmino Capitamolo	

Qualified Parties

Unitel Shareholders	Qualified Parties
MS TELCOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A. – 25% ESTADO ANGOLANO (IGAPE – INSTITUTO DE GESTÃO DE ACTIVOS E PARTICIPAÇÕES DO ESTADO) – 50% PT VENTURES, SGPS, S.A. – 25%	• Sonangol E.P.

BFA Investees
BFA CAPITAL MARKETS, SDVM, S.A.

Board of Directors	Companies in which Members have control or joint control
Luís Roberto Fernandes Gonçalves*	
Vera Cristina dos Anjos Tangue Escórcio*	
Deolinda Suzete e Bravo da Rosa	
Telmo José Pacavira Dias Van-Dúnem	• TINATEL INVESTMENTS, Lda.
Cláudia Rocha Cordeiro Almada Lourenço	• MUDIA-AGROINDUSTRIA, COM. PREST.DE SER., Lda. • MICLA-ENSINO GERAL TEC. PROFISSIONAL, Lda.
*Other members of the Board of Directors are BFA Directors identified above.	

Supervisory Board	Companies in which Members have control or joint control
Mirian Custódio Ferreira	
Catarino Eduardo César	
Mariana Conceição Francisco de Assis	
José Miguel Henriques Sardinha	
Valentim Joaquim Manuel	

As at 31 December 2023 and 31 December 2022, the main balances and transactions maintained by the Bank with related entities are as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31							
	BFA Shareholders							
	BPI	Unitel	Members of the BFA's Board of Directors	Companies in which the members of the Board of Directors have significant influence	Affiliates	BFA Pension Fund	Related parties via Unitel	Total
Cash and deposits								
Loans and advances to credit institutions repayable on demand	14 465 892	-						14 465 892
Short-term investments								-
Other loans to credit institutions	318 918 561	-						318 918 561
Loans granted	**5 950**	-	**253 321**	-	**563 013**	-	**3 499 500**	**4 321 784**
Other assets						**2 061 628**	-	**2 061 628**
Deposits from other credit Institutions	**22 522 957**	-	-	-	-	-	-	**22 522 957**
Deposits from customers								-
Demand deposits		2 599 941	537 175	201 008	216 402	1 746 377	21 370 558	26 671 461
Term deposits		272 239 656	2 789 749	-	3 844 360	13 191 747	1 669 454	293 734 966
Other liabilities		-	-	-	-	-	-	-
Interest and similar income	**12 738 507**		**12 261**	**13**	**39 333**	-	**63**	**12 790 177**
Interest and similar expense	**1 830 512**	**6 005 573**	**333 116**	-	**258 565**	**2 999 010**	**163 604**	**11 590 380**
Fees and commissions		-	-	-	-	-	-	-
Securities used as deposits		**3 779 219**	**323 223**	-	-	-	**1 931 048**	**6 033 490**
Participation units			-	-	-	-	-	-
Documentary credits		**400 035**	-	-	-	-	**52 121 723**	**52 521 758**
Bank guarantees		**22 940 833**	-	-	-	-	-	**22 940 833**

Amounts expressed in thousand of Kwanzas

	2022/12/31							
	BFA Shareholders							
	BPI	Unitel	Members of the BFA's Board of Directors	Companies in which the members of the Board of Directors have significant influence	Affiliates	BFA Pension Fund	Related parties via Unitel	Total
Cash and deposits								
Loans and advances to credit institutions repayable on demand	13 492 160	-	-	-	-	-	-	13 492 160
Short-term investments	-	-	-	-	-	-	-	-
Other loans to credit institutions	220 062 427	-	-	-	-	-	-	220 062 427
Loans granted	**2 747**	**-**	**206 381**	**-**	**318 679**	**-**	**3 643**	**531 450**
Deposits from customers	-	-	-	-	-	-	-	-
Demand deposits	-	5 439 356	452 024	105 540	214 049	2 941	16 655 546	22 879 456
Term deposits	-	132 794 564	1 873 854	-	28 080	9 347 583	490 904	144 534 985
Other liabilities	-	-	-	-	-	-	-	-
Interest and similar income	**2 820 414**	**-**	**8 202**	**-**	**16 098**	**-**	**-**	**2 844 714**
Interest and similar expense	**-**	**3 602 488**	**86 939**	**-**	**11 695**	**32 298**	**11 081**	**3 744 501**
Fees and commissions	-	-	-	-	-	-	-	-
Securities used as deposits	**-**	**77 696 623**	**2 809 515**	**-**	**1 819 475**	**39 513 655**	**3 802 937**	**125 642 205**
Participation units	**-**	**5 499 989**	**42 200**	**-**	**-**	**-**	**32 500**	**5 574 689**
Documentary credits	**-**	**3 526 756**	**-**	**-**	**-**	**-**	**31 677 064**	**35 203 820**
Bank guarantees	**-**	**13 942 329**	**-**	**-**	**-**	**-**	**-**	**13 942 329**

The balances relating to the shareholder BPI include the amounts of La Caixa Group, BPI's parent company.

The information presented in respect of the Members of BFA's Corporate Bodies includes the main balances and transactions maintained by the Bank with:
- Members of BFA's Corporate Bodies; and
- Close family members of the members of BFA's Corporate Bodies.

The information presented in respect of the Companies in which BFA's Corporate Bodies have a significant influence includes the main balances and transactions maintained by the Bank with:
- Companies in which members of BFA's Corporate Bodies have significant influence; and
- Companies in which close members of the members of BFA's Corporate Bodies have significant influence.

The information presented regarding the Related parties via Unitel includes the main balances and transactions maintained by the Bank with:
- Members of the Board of Directors of Unitel;
- Companies in which the members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Unitel investees.

29. BALANCE SHEET BY CURRENCY

As at 31 December 2023 and 31 December 2022, the balance sheets by currency have the following structure:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	Kwanzas	United States Dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	174 592 294	202 399 538	179 099 199	-	555 764	556 646 795
Loans and advances to credit institutions	-	21 717 823	15 331 017	-	4 582 426	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	612 530 148	74 637 483	-	8 431 198	901 502 510
Financial assets at fair value through profit or loss	43 442 375	2 998 452	47 004	-	-	46 487 831
Investments at amortized cost	1 115 385 023	296 556 103	-	-	-	1 411 941 126
Loans and advances to customers	509 909 204	19 788 240	20 405 332	-	3	550 102 779
Non-current assets held for sale	180 980	-	-	-	-	180 980
Investments in subsidiaries, associates and joint ventures	1 117 215	-	-	-	-	1 117 215
Property, plant and equipment	38 752 340	-	-	-	-	38 752 340
Intangible assets	12 424 952	-	-	-	-	12 424 952
Current tax assets	192 964	-	-	-	-	192 964
Other assets	23 413 473	-	-	-	-	23 413 473
Total Assets	**2 125 314 501**	**1 155 990 304**	**289 520 035**	**-**	**13 569 391**	**3 584 394 231**
Deposits from central banks and other credit institutions	25 763 869	37 379	2 034 451	-	5 224	27 840 923
Deposits from customers and other loans	1 447 227 612	1 120 074 296	282 736 242	-	7 627 333	2 857 665 483
Financial liabilities at fair value through profit or loss	2 537 450	-	-	-	-	2 537 450
Provisions	29 180 315	25 444 470	899 861	-	-	55 524 646
Current tax liabilities	14 257 036	-	-	-	-	14 257 036
Lease liabilities	4 722 006	-	-	603 016	-	5 325 022
Other liabilities	37 469 951	7 092 957	4 729 420	-	4 425 331	53 717 659
Total Liabilities	**1 561 158 239**	**1 152 649 102**	**290 399 974**	**603 016**	**12 057 888**	**3 016 868 219**
Net Assets/(Liabilities)	**564 156 262**	**3 341 202**	**(879 939)**	**(603 016)**	**1 511 503**	**567 526 012**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Kwanzas	United States Dollar	Euro	Indexed to the US Dollar	Other currencies	Total
Cash and deposits at central banks	143 554 050	173 514 813	108 943 426	-	292 435	426 304 724
Loans and advances to credit institutions	-	10 910 881	11 171 963	-	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	386 648 027	42 978 508	-	4 855 489	726 047 113
Financial assets at fair value through profit or loss	103 349 557	1 454 172	27 579	-	-	104 831 308
Investments at amortized cost	751 751 521	196 616 087	-	-	-	948 367 608
Loans and advances to customers	393 798 917	12 036 110	11 590 537	-	-	417 425 564
Non-current assets held for sale	-	-	-	-	-	-
Investments in subsidiaries, associates and joint ventures	1 117 215	-	-	-	-	1 117 215
Property, plant and equipment	36 684 977	-	-	-	-	36 684 977
Intangible assets	8 119 685	-	-	-	-	8 119 685
Current tax assets	145 408	-	-	-	-	145 408
Other assets	15 326 369	214 727	198 077	-	-	15 739 173
Total Assets	**1 745 412 788**	**781 394 817**	**174 910 090**	**-**	**7 187 139**	**2 708 904 834**
Deposits from central banks and other credit institutions	569 784	2 135 674	988 101	-	3 083	3 696 642
Deposits from customers and other loans	1 091 469 172	773 365 918	172 286 005	-	3 164 109	2 040 285 204
Financial liabilities at fair value through profit or loss	545 524	-	-	-	-	545 524
Provisions	34 205 076	15 502 470	1 870 318	-	300	51 578 164
Current tax liabilities	10 984 876	-	-	-	-	10 984 876
Lease liabilities	4 236 657	-	-	-	385 953	4 622 610
Other liabilities	100 013 634	10 265 973	(94 835)	-	2 717 510	112 902 282
Total Liabilities	**1 242 024 723**	**801 270 035**	**175 049 589**	**-**	**6 270 955**	**2 224 615 302**
Net Assets/(Liabilities)	**503 388 065**	**(19 875 218)**	**(139 499)**	**-**	**916 184**	**484 289 532**

30. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risks associated with interest rate risk, among others.

BFA's risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. Accordingly, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

Main Risk Categories

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfill its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Accordingly, Market Risk encompasses interest rate risk, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practiced in the market (market liquidity risk).

Real Estate - Real estate risk is the probability of negative impacts on the Bank's income or capital level due to fluctuations in the market price of real estate assets.

Operating –Operating risk is the potential loss resulting from failures or inadequacies in internal processes, information systems, human behavior or external events.

30.1 Credit Risk

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial instruments, as a creditor. In accordance with the BFA's General Credit Regulations, the granting of credit in the Bank is based on the following fundamental principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:

- Are adequately characterized in the Technical Data Sheet, containing all the essential and accessory elements necessary for the formalization of the operation;
- Respect the specific product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as reference those that represent the greatest risk.

Currently, considering the regulations of the Banco Nacional de Angola:

- For a single customer, all its liabilities vis-à-vis the Bank, in force or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of customers, the sum of the liabilities of each customer that comprises the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following grades:

Grade A: Minimum risk
Grade B: Very low risk
Grade C: Low risk
Grade D: Moderate risk
Grade E: High risk
Grade F: Very high risk
Grade G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, and is initially classified based on the following criteria adopted by the Bank:

Grade A: operations that are:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction No. 1/2015, of 14 January, of the Banco Nacional de Angola), international organizations and multilateral development banks;

(iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a controlling or group relationship with the lending institution and having their head office in Angola, or a country included in group 1, multilateral development banks and international organizations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding paragraph, provided that the exposure and the deposit or certificate are denominated in the same currency;

(v) fully guaranteed by securities or bonds issued by the Angolan State, or by the Banco Nacional de Angola.

Grade B and others: remaining loans.

The classification of exposures is revised whenever there are signs of impairment in late payments.

Within the scope of the regular review of loan operations, including loan operations overdue, BFA reclassifies overdue loan operations into those that are due, based on an analysis of the economic prospects of collectability, namely considering the existence of guarantees, the borrowers’ or guarantors’ assets and the existence of operations whose risk BFA equates to State risk, or even when the situation of delay results from the Bank’s exclusive responsibility due to a one-off failure in its processes.

Association of Guarantees

When granting loans to Retail customers or small companies with a maturity of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee on property.

Loan operations are associated with guarantees considered adequate to the risk of the borrower, the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on Company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, with the exception of securitized instruments, which have portfolios of financial instruments as collateral. On the other hand, derivative instruments have associated guarantees.

The Bank's policies on collateral obtained as guarantee have not changed significantly during the reporting year, nor have there been any significant changes in the quality of the collateral held by the Bank since the previous period.

The Bank monitors collateral obtained as security for impaired loans and advances to customers as it becomes more likely that the Bank will take ownership of such collateral to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	424 888	374 646	50 242	-
Current accounts	21 478	11 998	9 480	-
Loans	2 777 112	1 876 215	900 897	3 201 055
Leasing	4 326 503	3 061 980	1 264 523	4 153 914
Overdrafts	144 524	101 998	42 526	-
	7 694 505	**5 426 837**	**2 267 668**	**7 354 969**
Corporate				
Current accounts	69 869	31 070	38 799	1 263 920
Loans	53 285 226	31 861 693	21 423 533	58 731 713
Leasing	70 210	34 537	35 673	2 591 342
Overdrafts	68 915	32 960	35 955	-
	53 494 220	**31 960 260**	**21 533 960**	**62 586 975**
Total	**61 188 725**	**37 387 097**	**23 801 628**	**69 941 944**

Amounts expressed in thousand of Kwanzas

	2022/12/31			
	Gross loans	Impairment	Net loans	Value of collateral
Retail				
Credit cards	311 990	277 269	34 721	-
Current accounts	21 478	12 015	9 463	-
Loans	1 952 485	1 422 880	529 605	3 477 938
Leasing	6 429 098	4 767 268	1 661 830	8 021 015
Overdrafts	778 627	447 130	331 497	-
	9 493 678	**6 926 562**	**2 567 116**	**11 498 953**
Corporate				
Current accounts	32 301	13 076	19 225	491 099
Loans	53 252 806	33 614 835	19 637 971	39 715 347
Leasing	50 140	20 330	29 810	1 661 173
Overdrafts	123 440	48 253	75 187	-
	53 458 687	**33 696 494**	**19 762 193**	**41 867 619**
Total	**62 952 365**	**40 623 056**	**22 329 309**	**53 366 572**

Exclusions due to incidents

The Bank does not grant loans and advances to customers who have registered material incidents in the last 24 months known to BFA, nor to other companies that are part of a group with customers in that situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a credit institution, social security, AGT, court or State Inspectorate for more than 45 days;
- Irregular use of means of payment for which that person or entity is responsible;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial position.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are stricter.

Restructurings

In principle, BFA only formalizes ongoing loan restructuring operations, after assessing the customer's ability to comply with the new plan, if the following criteria are met:

- New guarantees (more liquid and/or more valuable) are presented for the new operation;
- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non-performing).

Exceptionally, and if none of the above assumptions are met, BFA admits formalizing the formal restructuring of Retail customers' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the installment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulation and comply with the regulator's specific regulations in this matter.

Restructuring operations are classified, for the purpose of increasing risk, and periodically monitored as to compliance with the established plan and are only unclassified when certain conditions of regularity in complying with the plan are met.

Operations subject to renegotiation are maintained at least at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level only occurs if there is regular and significant repayment of the operation, payment of interest due and on arrears, or depending on the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are monitored by the commercial teams, as a rule until it is 60 days overdue, with monitoring being done by a specialized team. After 60 days of default, the management of the relationship is transferred to this specialized team, which has the mission of collaborating in loan recovery actions, being able to take over negotiations and restructuring proposals. This team is responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective outcomes of this model were calculated with reference to 1 January 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

As at 31 December 2023 and 31 December 2022, BFA's securities portfolio complies with the principle of the high credit quality of its issuers, consisting mainly of securities issued by the Angolan State and by the Banco Nacional de Angola.

As at 31 December 2023 and 31 December 2022, the maximum exposure to credit risk presents the following detail:

Amounts expressed in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Gross book value	Impairment	Net book value	Gross book value	Impairment	Net book value
On-balance sheet						
Cash and deposits at central banks (Note 4)	556 646 795	-	556 646 795	426 304 724	-	426 304 724
Loans and advances to credit instititutions (Note 5)	41 635 446	(4 180)	41 631 266	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions (Note 6)	901 877 634	(375 124)	901 502 510	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss (Note 7)	46 487 831	-	46 487 831	104 831 308	-	104 831 308
Investments at amortized cost (Note 8)	1 424 989 897	(13 048 771)	1 411 941 126	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers (Note 9)	600 370 855	(50 268 076)	550 102 779	471 417 049	(53 991 485)	417 425 564
Other assets (Note 14)	23 413 473		23 413 473	15 739 173		15 739 173
	3 595 421 931	**(63 696 151)**	**3 531 725 780**	**2 727 365 260**	**(64 527 711)**	**2 662 837 549**
Off-balance sheet						
Guarantees provided, open documentary credits and undrawn facilities (Note 9)	156 220 271	(479 791)	155 740 480	118 142 583	(661 325)	117 481 258
Total	**3 751 642 202**	**(64 175 942)**	**3 687 466 260**	**2 845 507 843**	**(65 189 036)**	**2 780 318 807**

For financial assets recognized in the balance sheet, the maximum exposure to credit risk is represented by the book value net of impairment. For off-balance sheet items, the maximum exposure from guarantees is the maximum amount that the Bank would have to pay should the guarantees be forfeited and of loan and other credit-related commitments of an irrevocable nature is the total amount of commitments entered into.

As at 31 December 2023 and 31 December 2022, the credit quality of financial assets is as follows:

Amounts expressed in thousand of Kwanzas

			2023/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ to B-	529 748 218	-	529 748 218
	Unrated	N/ D	26 898 577	-	26 898 577
			556 646 795	-	556 646 795
Loans and advances to credit institutions	External rating	AAA to AA-	5 102 103	-	5 102 103
		A+ to A-	9 241 993	(207)	9 241 786
		BBB+ to BBB-	19 618 488	(1 140)	19 617 348
		BB+ to BB-	7 619 159	(2 833)	7 616 326
		B+ to B-	53 703	-	53 703
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			41 635 446	(4 180)	41 631 266
Other loans and advances to central banks and credit institutions	External rating	AAA to AA-	70 900 041	-	70 900 041
		A+ to A-	148 343 459	(34 347)	148 309 112
		BBB+ to BBB-	466 669 374	(292 484)	466 376 890
		BB+ to BB-	10 061 079	(48 293)	10 012 786
		B+ to B-	205 903 681	-	205 903 681
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			901 877 634	(375 124)	901 502 510
Financial assets at fair value through profit or loss	External rating	B+ to B-	39 010 592	-	39 010 592
	Unrated	N/ D	7 477 239	-	7 477 239
			46 487 831	-	46 487 831

Amounts expressed in thousand of Kwanzas

			2023/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Investments at amortized cost	External rating	AAA to AA-	8 600 355	-	8 600 355
		A+ to A-	8 231 473	-	8 231 473
		BBB+ to BBB-	-	-	-
		BB+ to BB-	-	-	-
		B+ to B-	1 408 158 069	(13 048 771)	1 395 109 298
		CCC+ to CCC	-	-	-
		CCC to CC-	-	-	-
	Unrated	N/ D	-	-	-
			1 424 989 897	(13 048 771)	1 411 941 126
Loans and advances to customers - On-balance sheet	External rating	Grade A	262 382 073	(3 204 340)	259 177 733
		Grade B	306 035 368	(29 115 051)	276 920 317
		Grade C	2 967 047	(217 310)	2 749 737
		Grade D	1 060 708	(306 215)	754 493
		Grade E	1 897 163	(634 721)	1 262 442
		Grade F	348 143	(139 454)	208 689
		Grade G	25 680 353	(16 650 985)	9 029 368
			600 370 855	(50 268 076)	550 102 779
Loans and advances to customers - Off-balance sheet	External rating	Grade A	11 546 292	(6 046)	11 540 246
		Grade B	144 565 302	(467 896)	144 097 406
		Grade C	42 281	(258)	42 023
		Grade D	15 927	(119)	15 808
		Grade E	14 655	(1 299)	13 356
		Grade F	4 405	(414)	3 991
		Grade G	31 409	(3 759)	27 650
			156 220 271	(479 791)	155 740 480
		Total	**3 728 228 729**	**(64 175 942)**	**3 664 052 787**

Amounts expressed in thousand of Kwanzas

			2022/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Cash and deposits at central banks	External rating	B+ a B-	400 761 518	-	400 761 518
	Unrated	N/ D	25 543 206	-	25 543 206
			426 304 724	-	426 304 724
Loans and advances to credit institutions	External rating	AAA a AA-	2 096 396	(1)	2 096 395
		A+ a A-	386 212	(11)	386 201
		BBB+ a BBB-	17 230 519	(598)	17 229 921
		BB+ a BB-	3 609 284	(1 191)	3 608 093
		B+ a B-	803 092	(1 643)	801 449
		CCC+ a CCC	-	-	-
		CCC a CC-	-	-	-
	Unrated	N/ D	-	-	-
			24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	External rating	AAA a AA-	42 874 010	(10 919)	42 863 091
		A+ a A-	61 535 271	(18 062)	61 517 209
		BBB+ a BBB-	325 300 299	(252 100)	325 048 199
		BB+ a BB-	10 074 979	(39 883)	10 035 096
		B+ a B-	286 583 518	-	286 583 518
		CCC+ a CCC	-	-	-
		CCC a CC-	-	-	-
	Unrated	N/ D	-	-	-
			726 368 077	(320 964)	726 047 113

Amounts expressed in thousand of Kwanzas

			2022/12/31		
	Source of rating	Rating grade	Gross exposure	Impairment	Net exposure
Financial assets at fair value through profit or loss	External rating	B+ a B-	101 412 843	-	101 412 843
	Unrated	N/ D	3 418 465	-	3 418 465
			104 831 308	-	104 831 308
Investments at amortised cost	External rating	B+ a B-	958 579 426	(10 211 818)	948 367 608
		N/ D	-	-	-
			958 579 426	(10 211 818)	948 367 608
Loans and advances to customers - On-balance sheet	External rating	Grade A	181 226 164	(2 388 272)	178 837 892
		Grade B	255 609 769	(29 731 982)	225 877 787
		Grade C	1 136 548	(250 083)	886 465
		Grade D	431 978	(116 796)	315 182
		Grade E	1 323 312	(921 036)	402 276
		Grade F	1 208 991	(633 273)	575 718
		Grade G	30 480 287	(19 950 043)	10 530 244
			471 417 049	(53 991 485)	417 425 564
Loans and advances to customers - Off-balance sheet	External rating	Grade A	5 499 747	(12 394)	5 487 353
		Grade B	112 560 114	(642 130)	111 917 984
		Grade C	18 960	(486)	18 474
		Grade D	12 022	(77)	11 945
		Grade E	14 141	(1 536)	12 605
		Grade F	5 038	(525)	4 513
		Grade G	32 561	(4 177)	28 384
			118 142 583	(661 325)	117 481 258
		Total	**2 829 768 670**	**(65 189 036)**	**2 764 579 634**

As at 31 December 2023 and 31 December 2022, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Gains	Losses	Net gains/(losses)	Gains	Losses	Net gains/(losses)
Assets						
Other loans and advances to central banks and credit institutions	52 549 824	(692 128)	51 857 696	29 694 489	(245 495)	29 448 994
Investments at amortized cost	187 614 261	(3 240 771)	184 373 490	183 006 856	(829 040)	182 177 816
Loans and advances to customers	80 837 410	(4 823 431)	76 013 979	61 337 318	(4 882 845)	56 454 473
	321 001 495	(8 756 330)	312 245 165	274 038 663	(5 957 380)	268 081 283
Liabilities						
Deposits from customers and other loans	-	(63 684 054)	(63 684 054)	-	(50 167 798)	(50 167 798)
Deposits from central banks and other credit institutions	-	(2 220 981)	(2 220 981)	-	(603 132)	(603 132)
	-	(65 905 035)	(65 905 035)	-	(50 770 930)	(50 770 930)
Off-balance sheet						
Guarantees provided, documentary credits and undrawn limits	3 549 302	(697 869)	2 851 433	2 210 718	(375 390)	1 977 667
	3 549 302	**(697 869)**	**2 851 433**	**2 210 718**	**(375 390)**	**1 977 667**
	324 550 797	**(75 359 234)**	**249 191 563**	**276 016 330**	**(56 728 310)**	**219 288 020**

As at 31 December 2023 and 31 December 2022, Net gains/(losses) on financial instruments are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	Against profit or loss			Against equity		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	5 386 748	(5 697 560)	(310 812)	-	-	-
Investments at amortized cost	8 508 936	-	8 508 936			
	5 386 748	**(5 697 560)**	**(310 812)**	**-**	**-**	**-**
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 367 791)	(1 367 791)	-	-	-
	-	**(1 367 791)**	**(1 367 791)**	**-**	**-**	**-**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Against profit or loss			Against equity		
	Gains	Losses	Net gains/ (losses)	Gains	Losses	Net gains/ (losses)
Assets						
Financial assets at fair value through profit or loss	14 124 284	(903 734)	13 220 550	-	-	-
Investments at amortized cost	3 735 963	-	3 735 963			
	14 124 284	**(903 734)**	**13 220 550**	**-**	**-**	**-**
Liabilities						
Financial liabilities at fair value through profit or loss	-	(1 367 791)	(1 367 791)	-	-	-
	-	**(1 367 791)**	**(1 367 791)**	**-**	**-**	**-**

As at 31 December 2023 and 31 December 2022, the geographical concentration of credit risk exposure presents the following detail:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and deposits at central banks	556 646 795	-	-	-	556 646 795
Loans and advances to credit institutions	-	9 221 684	32 072 120	337 462	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	61 993 582	633 605 247	-	901 502 510
Financial assets at fair value through profit or loss	40 726 655	-	-	3 045 456	46 487 831
Investments at amortized cost	1 395 109 298	-	8 231 473	8 600 355	1 411 941 126
Loans and advances to customers	550 102 779	-	-	-	550 102 779
Total	**2 748 489 208**	**71 215 266**	**673 908 840**	**11 983 273**	**3 508 312 307**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Angola	Other African countries	Europe	Other	Total
Assets					
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions	-	5 023 697	16 775 284	2 323 078	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	52 258 604	381 215 436	1 007 984	726 047 113
Financial assets at fair value through profit or loss	103 349 557	-	-	1 481 751	104 831 308
Investments at amortized cost	948 367 608	-	0	0	948 367 608
Loans and advances to customers	417 425 564	-	-	-	417 425 564
Total	**2 187 012 542**	**57 282 301**	**397 990 720**	**4 812 813**	**2 647 098 376**

As at 31 December 2023 and 31 December 2022, the sectoral concentration of loans and advances to customers is as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31						
	Loans and advances to Customer					Impairment	
	Falling due	Overdue	Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Value	Total impairment / exposure
Corporate							
Real Estate, rental and services rendered by Companies	553 699	174	918 320	1 472 193	0%	10 056	0%
Other collective, social and personal service activities	999 776	17 182	551 080	1 568 038	0%	54 477	0%
Central Government	198 988 981	60	-	198 989 041	26%	2 685 491	5%
Agriculture, livestock, game and forestry	69 938 541	617 370	4 733 279	75 289 190	10%	22 843 254	45%
Accommodation and catering	2 274 933	13 482	100 000	2 388 415	0%	42 946	0%
Financial activities	10 227	-	3 014 955	3 025 182	0%	405	0%
Wholesale and retail trade	65 452 792	349 449	21 091 809	86 894 050	11%	1 095 435	2%
Construction	71 009 413	627 471	10 277 093	81 913 977	11%	4 011 386	8%
Education	1 037 582	355 718	7 000	1 400 300	0%	212 891	0%
Extractive industries	8 880 111	61	21 000	8 901 172	1%	189 492	0%
Manufacturing industries	15 404 608	253 647	12 930 343	28 588 598	4%	5 023 702	10%
Other service companies	45 478 036	5 138 586	62 552 789	113 169 411	15%	7 768 935	15%
Production and distribution of energy, gas and water	348 728	81 214	31 000	460 942	0%	46 655	0%
Health and social services	233 302	60 969	320 000	614 271	0%	111 802	0%
Transport, storage and communication	476 418	10 403	29 876 054	30 362 875	4%	44 929	0%
	481 087 147	**7 525 786**	**146 424 722**	**635 037 655**		**44 141 856**	
Retail							
Consumer	82 523 777	3 085 764	-	85 609 541	11%	3 078 256	6%
Mortgages	22 119 018	591 888	-	22 710 906	3%	3 103 917	6%
Other purposes	2 703 174	734 301	9 795 549	13 233 024	2%	684 654	1%
	107 345 969	**4 411 953**	**9 795 549**	**121 553 471**		**6 866 827**	
Total	**588 433 116**	**11 937 739**	**156 220 271**	**756 591 126**		**50 747 867**	

Amounts expressed in thousand of Kwanzas

	2022/12/31						
	Loans and advances to Customers					Impairment	
	Performing	Overdue	Loans and advances to customers - off-balance sheet	Total exposure	Relative weight	Amount	Total impairment/ exposure
Corporate							
Real Estate, rental and services rendered by Companies	251 721	977	574 738	827 436	0%	7 349	0%
Other collective, social and personal service activities	3 624 470	63 588	283 009	3 971 067	1%	205 597	0%
Central Government	118 206 911	69	-	118 206 980	20%	1 330 560	2%
Agriculture, livestock, game and forestry	61 116 247	665 125	713 749	62 495 121	11%	23 420 108	43%
Accommodation and catering	2 235 891	20 493	300 000	2 556 384	0%	173 883	0%
Financial activities	15 530	-	5 254 730	5 270 260	1%	1 594	0%
Wholesale and retail trade	56 131 084	435 797	13 051 969	69 618 850	12%	1 811 519	3%
Construction	57 254 297	680 468	28 670 984	86 605 749	15%	5 415 756	10%
Education	87 722	449 117	7 000	543 839	0%	235 172	0%
Extractive industries	105 024	1 884 933	8 000	1 997 957	0%	1 890 989	3%
Manufacturing industries	18 417 533	95 709	12 022 282	30 535 524	5%	3 130 042	6%
Other service companies	42 044 870	5 218 929	27 521 048	74 784 847	13%	8 475 258	16%
Production and distribution of energy, gas and water	498 835	51 817	21 000	571 652	0%	51 919	0%
Health and social services	196 226	5 097	284 687	486 010	0%	58 151	0%
Transport, storage and communication	1 066 145	37 990	20 618 970	21 723 105	4%	61 697	0%
	361 252 506	**9 610 109**	**109 332 166**	**480 194 781**		**46 269 594**	
Retail							
Consumer	72 581 952	2 650 975	8 920 239	84 153 166	14%	3 044 417	6%
Mortgages	22 301 806	1 436 749	-	23 738 555	4%	4 874 797	9%
Other purposes	744 178	838 774	150 130	1 733 082	0%	463 997	1%
	95 627 936	**4 926 498**	**9 070 369**	**109 624 803**		**8 383 211**	
Total	**456 880 442**	**14 536 607**	**118 402 535**	**589 819 584**		**54 652 805**	

As at 31 December 2023 and 31 December 2022, the exposure to credit risk by class of financial assets, rating level and stage, presents the following detail:

Amounts expressed in thousand of Kwanzas

	2023/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash and deposits at central banks:				
B+ to B-	529 748 218	-	-	529 748 218
N/ D	26 898 577	-	-	26 898 577
	556 646 795	**-**	**-**	**556 646 795**
Loans and advances to credit institutions:				
AAA to AA-	5 102 103	-	-	5 102 103
A+ to A-	9 241 993	-	-	9 241 993
BBB+ to BBB-	19 618 488	-	-	19 618 488
BB+ to BB-	7 619 159	-	-	7 619 159
B+ to B-	53 703	-	-	53 703
N/ D	-	-	-	-
	41 635 446	**-**	**-**	**41 635 446**
Other loans and advances to central banks and credit institutions:				
AAA to AA-	70 900 041	-	-	70 900 041
A+ to A-	148 343 459	-	-	148 343 459
BBB+ to BBB-	466 669 374	-	-	466 669 374
BB+ to BB-	10 061 079	-	-	10 061 079
B+ to B-	205 903 681	-	-	205 903 681
	901 877 634	**-**	**-**	**901 877 634**
Investments at amortized cost:				
AAA to AA-	8 600 355	-	-	8 600 355
A+ to A-	8 231 473	-	-	8 231 473
B+ to B-	1 408 158 069	-	-	1 408 158 069
	1 424 989 897	**-**	**-**	**1 424 989 897**

Amounts expressed in thousand of Kwanzas

	2023/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Loans and advances to customers - On-balance sheet:				
Grade A	262 382 073	-	-	262 382 073
Grade B	239 022 811	29 136 314	37 876 243	306 035 368
Grade C	2 369 772	481 583	115 692	2 967 047
Grade D	16 206	250 019	794 483	1 060 708
Grade E	10 572	110 700	1 775 891	1 897 163
Grade F	141	34 446	313 556	348 143
Grade G	7 092	5 360 401	20 312 860	25 680 353
	503 808 667	**35 373 463**	**61 188 725**	**600 370 855**
Loans and advances to customers - Off-balance sheet:				
Grade A	11 534 966	6 951	4 375	11 546 292
Grade B	144 021 456	477 588	66 258	144 565 302
Grade C	50	40 864	1 367	42 281
Grade D	-	14 969	958	15 927
Grade E	-	963	13 692	14 655
Grade F	109	-	4 296	4 405
Grade G	1 037	3 936	26 436	31 409
	155 557 618	545 271	117 382	156 220 271
Total gross book value	**3 584 516 057**	**35 918 734**	**61 306 107**	**3 681 740 898**
Accumulate impairment / Provision	20 324 502	6 711 374	37 400 882	64 436 758
Net book value	**3 604 840 559**	**42 630 108**	**98 706 989**	**3 746 177 656**

Amounts expressed in thousand of Kwanzas

	2022/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Cash and deposits at central banks:				
B+ a B-	400 761 518	-	-	400 761 518
N/ D	25 543 206	-	-	25 543 206
	426 304 724	**-**	**-**	**426 304 724**
Loans and advances to credit institutions:				
AAA a AA-	2 096 396	-	-	2 096 396
A+ a A-	386 212	-	-	386 212
BBB+ a BBB-	17 230 519	-	-	17 230 519
BB+ a BB-	3 609 284	-	-	3 609 284
B+ a B-	803 092	-	-	803 092
	24 125 503	**-**	**-**	**24 125 503**
Other loans and advances to central banks and credit institutions:				
AAA a AA-	42 874 010	-	-	42 874 010
A+ a A-	61 535 271	-	-	61 535 271
BBB+ a BBB-	325 300 299	-	-	325 300 299
BB+ a BB-	10 074 979	-	-	10 074 979
B+ a B-	286 583 518	-	-	286 583 518
	726 368 077	**-**	**-**	**726 368 077**
Investments at amortised cost:				
B+ a B-	958 579 426	-	-	958 579 426
N/ D	-	-	-	-
	958 579 426	**-**	**-**	**958 579 426**

Amounts expressed in thousand of Kwanzas

	2022/12/31			
	Stage 1 (12 months)	Stage 2 (lifetime ECL)	Stage 3 (lifetime ECL)	Total
Loans and advances to customers - On-balance sheet:				
Grade A	167 909 710	13 316 422	32	181 226 164
Grade B	197 125 399	20 736 776	37 747 594	255 609 769
Grade C	611 022	455 393	70 133	1 136 548
Grade D	8 616	207 996	215 366	431 978
Grade E	1 318	73 567	1 248 427	1 323 312
Grade F	-	525	1 208 466	1 208 991
Grade G	1 385 180	6 632 761	22 462 346	30 480 287
	367 041 245	41 423 440	62 952 364	471 417 049
Loans and advances to customers - Off-balance sheet:				
Grade A	5 486 972	5 325	7 450	5 499 747
Grade B	111 833 244	516 749	210 121	112 560 114
Grade C	1 272	15 723	1 965	18 960
Grade D	550	11 060	412	12 022
Grade E	500	538	13 103	14 141
Grade F	-	652	4 386	5 038
Grade G	1 906	4 371	26 284	32 561
	117 324 444	554 418	263 721	118 142 583
Total gross book value	**2 619 743 419**	**41 977 858**	**63 216 085**	**2 724 937 362**
Accumulated impairment / Provision	17 547 486	6 972 808	40 668 742	65 189 036
Net book value	**2 637 290 905**	**48 950 666**	**103 884 827**	**2 790 126 398**

30.2 Liquidity risk

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk may consist, for example, in the inability to sell a financial instrument quickly for an amount representative of its fair value, because of its large size, in relation to the volume normally traded, or because of some discontinuity in the market.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective follow-up and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 31 December 2023 and 31 December 2022, the total contractual cash flows are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	158 293 271	-	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	-	323 289 697	245 373 367	181 829 870	151 384 700	-	-	-	-	901 877 634
Financial assets at fair value through profit or loss	-	-	1 975 388	187 573	223 555	16 832 973	19 791 103	-	7 477 239	46 487 831
Investments at amortized cost	-	129 636 357	294 340 746	27 998 217	151 943 416	359 257 519	276 733 123	185 080 519	-	1 424 989 897
Loans and advances to customers	-	32 363 690	2 574 911	57 578 003	13 986 643	83 758 395	132 056 173	266 115 301	11 937 739	600 370 855
Total Assets	**199 928 717**	**485 289 744**	**544 264 412**	**267 593 663**	**317 538 314**	**858 202 411**	**428 580 399**	**451 195 820**	**19 414 978**	**3 572 008 458**
Liabilities										
Deposits from central banks and other credit institutions	5 317 963			22 522 961						27 840 924
Deposits from customers and other loans	1 200 521 375	319 962 006	568 681 808	458 128 242	293 466 801	16 905 251	-	-	-	2 857 665 483
Financial liabilities at fair value through profit or loss	-	2 537 450	-	-	-	-	-	-	-	2 537 450
Total Liabilities	**1 205 839 338**	**322 499 456**	**568 681 808**	**480 651 203**	**293 466 801**	**16 905 251**	**-**	**-**	**-**	**2 888 043 857**
Liquidity Gap	**(1 005 910 621)**	**162 790 288**	**(24 417 396)**	**(213 057 540)**	**24 071 513**	**841 297 160**	**428 580 399**	**451 195 820**	**19 414 978**	**683 964 601**
Accumulated Liquidity Gap	**(1 005 910 621)**	**(843 120 333)**	**(867 537 729)**	**(1 080 595 269)**	**(1 056 523 756)**	**(215 226 596)**	**213 353 803**	**664 549 623**	**683 964 601**	**1 367 929 202**

Amounts expressed in thousand of Kwanzas

	2022/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	184 473 574	-	-	-	-	241 831 150	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	429 090 617	195 377 047	73 931 125	27 969 288	-	-	-	-	726 368 077
Financial assets at fair value through profit or loss	-	-	556 994	505 362	60 558	55 093 033	30 155 656	15 041 240	3 418 465	104 831 308
Investments at amortized cost	-	35 818 674	52 596 684	92 712 198	232 205 592	229 220 304	128 625 161	187 400 813	-	958 579 426
Loans and advances to customers	-	15 133 424	8 857 929	18 683 396	40 004 265	85 911 001	129 507 091	158 783 337	14 536 606	471 417 049
Total Assets	**208 599 077**	**480 042 715**	**257 388 654**	**185 832 081**	**300 239 703**	**612 055 488**	**288 287 908**	**361 225 390**	**17 955 071**	**2 711 626 087**
Liabilities										
Deposits from central banks and other credit institutions	3 696 642									3 696 642
Deposits from customers and other loans	891 718 221	379 408 934	325 774 230	234 343 736	198 495 488	10 544 595	-	-	-	2 040 285 204
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
Total Liabilities	**895 414 863**	**379 954 458**	**325 774 230**	**234 343 736**	**198 495 488**	**10 544 595**	**-**	**-**	**-**	**2 044 527 370**
Liquidity Gap	**(686 815 786)**	**100 088 257**	**(68 385 576)**	**(48 511 655)**	**101 744 215**	**601 510 893**	**288 287 908**	**361 225 390**	**17 955 071**	**667 098 717**
Accumulated Liquidity Gap	**(686 815 786)**	**(586 727 529)**	**(655 113 105)**	**(703 624 760)**	**(601 880 545)**	**(369 652)**	**287 918 256**	**649 143 646**	**667 098 717**	**1 334 197 434**

As at 31 December 2023 and 31 December 2022, the contractual cash flows related to capital are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	158 293 271	-	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	-	322 719 916	244 557 394	179 455 475	144 545 192	-	-	-	-	891 277 977
Financial assets at fair value through profit or loss	-	-	1 883 985	181 767	215 058	16 060 070	18 579 487	-	7 477 239	44 397 606
Investments at amortized cost		129 217 972	292 418 713	27 831 267	150 039 627	348 551 823	262 288 111	179 741 988	-	1 390 089 501
Loans and advances to customers	-	31 778 594	2 542 193	57 140 021	13 877 870	83 163 591	130 386 060	256 270 094	11 834 318	586 992 741
Total Assets	**199 928 717**	**483 716 482**	**541 402 285**	**264 608 530**	**308 677 747**	**846 129 008**	**411 253 658**	**436 012 082**	**19 311 557**	**3 511 040 066**
Liabilities										
Deposits from central banks and other credit institutions	5 317 963	-		22 442 173	-	-	-	-	-	27 760 136
Deposits from customers and other loans	1 200 515 381	317 036 161	562 183 893	452 986 761	291 248 837	16 272 925	-	-	-	2 840 243 958
Financial liabilities at fair value through profit or loss	-	2 537 450	-	-	-	-	-	-	-	2 537 450
Total Liabilities	**1 205 833 344**	**319 573 611**	**562 183 893**	**475 428 934**	**291 248 837**	**16 272 925**	**-**	**-**	**-**	**2 870 541 544**
Liquidity Gap	**(1 005 904 627)**	**164 142 871**	**(20 781 608)**	**(210 820 404)**	**17 428 910**	**829 856 083**	**411 253 658**	**436 012 082**	**19 311 557**	**640 498 522**
Accumulated Liquidity Gap	**(1 005 904 627)**	**(841 761 756)**	**(862 543 364)**	**(1 073 363 768)**	**(1 055 934 858)**	**(226 078 775)**	**185 174 883**	**621 186 965**	**640 498 522**	**1 280 997 044**

Amounts expressed in thousand of Kwanzas

	2022/12/31									
	Residual contract terms									
	On demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets										
Cash and deposits at central banks	184 473 574	-	-	-	-	241 831 150	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	-	426 636 810	191 754 001	73 547 143	27 805 125	-	-	-	-	719 743 079
Financial assets at fair value through profit or loss	-	-	527 897	491 885	59 486	52 989 645	28 748 220	14 333 117	3 418 465	100 568 715
Investments at amortized cost		35 818 674	52 360 075	91 349 641	226 047 082	220 815 734	124 344 163	178 495 353	-	929 230 722
Loans and advances to customers	-	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
Total Assets	**208 599 077**	**477 489 229**	**253 172 482**	**183 612 081**	**293 226 513**	**601 026 652**	**281 189 961**	**349 409 635**	**17 955 071**	**2 665 680 701**
Liabilities										
Deposits from central banks and other credit institutions	3 696 642	-		-	-	-	-	-	-	3 696 642
Deposits from customers and other loans	891 718 221	375 045 162	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 026 015 613
Financial liabilities at fair value through profit or loss	-	545 524	-	-	-	-	-	-	-	545 524
Total Liabilities	**895 414 863**	**375 590 686**	**321 284 774**	**231 068 761**	**196 704 376**	**10 194 319**	**-**	**-**	**-**	**2 030 257 779**
Liquidity Gap	**(686 815 786)**	**101 898 543**	**(68 112 292)**	**(47 456 680)**	**96 522 137**	**590 832 333**	**281 189 961**	**349 409 635**	**17 955 071**	**635 422 922**
Accumulated Liquidity Gap	**(686 815 786)**	**(584 917 243)**	**(653 029 535)**	**(700 486 215)**	**(603 964 078)**	**(13 131 745)**	**268 058 216**	**617 467 851**	**635 422 922**	**1 270 845 844**

30.3 Market risk

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument, due to changes in market prices. Market risk encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 31 December 2023 and 31 December 2022, financial instruments by exposure to interest rate risk were as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Exposure to		Not subject to interest risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**3 501 027 741**	**2 535 086**	**6 733 492**	**-**	**3 511 040 066**
Cash and deposits at central banks	556 646 795	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	891 277 977	-	-	-	891 277 977
Financial assets at fair value through profit or loss	36 920 367	-	6 733 492	743 747	44 397 606
Investments at amortized cost	1 390 089 501	-	-	-	1 390 089 501
Loans and advances to customers	584 457 655	2 535 086	-	-	586 992 741
Liabilities	**2 864 702 259**	**-**	**3 302 235**	**2 537 450**	**2 870 541 944**
Deposits from central banks and other credit institutions	24 457 901	-	3 302 235	-	27 760 136
Deposits from customers and other loans	2 840 244 358	-	-	-	2 840 244 358
Financial liabilities at fair value through profit or loss	-	-		2 537 450	2 537 450
Total	**6 365 730 000**	**2 535 086**	**10 035 727**	**3 281 197**	**6 381 582 010**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Exposure to		Not subject to interest risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2 533 307 876**	**2 304 621**	**3 046 447**	**-**	**2 539 030 962**
Cash and deposits at central banks	426 304 724	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	719 743 079	-	-	-	719 743 079
Financial assets at fair value through profit or loss	97 150 250	-	3 046 447	372 018	100 568 715
Investments at amortized cost	802 580 983	-	-	-	802 580 983
Loans and advances to customers	463 403 337	2 304 621	-	-	465 707 958
Liabilities	**2 029 116 815**	**-**	**595 440**	**275 246**	**202 987 501**
Deposits from central banks and other credit institutions	3 101 202	-	595 440	-	3 696 642
Deposits from customers and other loans	2 026 015 613	-	-	-	2 026 015 613
Financial liabilities at fair value through profit or loss	-	-		275 246	275 246
Total	**4 562 424 691**	**2 304 621**	**3 641 887**	**647 264**	**4 569 018 463**

As at 31 December 2023 and 31 December 2022, financial instruments with exposure to interest rate risk by maturity date or prefixing date are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31								
	Refixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**683 645 199**	**541 402 285**	**264 608 530**	**308 677 747**	**846 129 008**	**411 253 658**	**436 012 082**	**19 311 557**	**3 511 040 066**
Cash and deposits at central banks	158 293 271	-	-	-	398 353 524	-	-	-	556 646 795
Loans and advances to credit institutions	41 635 446	-	-	-	-	-	-	-	41 635 446
Other loans and advances to central banks and credit institutions	322 719 916	244 557 394	179 455 475	144 545 192	-	-	-	-	891 277 977
Financial assets at fair value through profit or loss	-	1 883 985	181 767	215 058	16 060 070	18 579 487	-	7 477 239	44 397 606
Investments at amortized cost	129 217 972	292 418 713	27 831 267	150 039 627	348 551 823	262 288 111	179 741 988	-	1 390 089 501
Loans and advances to customers	31 778 594	2 542 193	57 140 021	13 877 870	83 163 591	130 386 060	256 270 094	11 834 318	586 992 741
Liabilities	**1 522 869 505**	**562 183 893**	**475 429 334**	**291 248 837**	**16 272 925**	**-**	**-**	**-**	**2 868 004 494**
Deposits from central banks and other credit institutions	5 317 963	-	22 442 173	-	-	-	-	-	27 760 136
Deposits from customers and other loans	1 517 551 542	562 183 893	452 987 161	291 248 837	16 272 925	-	-	-	2 840 244 358

Amounts expressed in thousand of Kwanzas

	2022/12/31								
	Refixing dates/Maturity dates								
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Undetermined	Total
Assets	**684 935 776**	**248 967 834**	**148 079 357**	**219 755 391**	**594 880 336**	**287 774 062**	**336 683 135**	**17 955 071**	**2 539 030 962**
Cash and deposits at central banks	184 473 574	-	-	-	241 831 150	-	-	-	426 304 724
Loans and advances to credit institutions	24 125 503	-	-	-	-	-	-	-	24 125 503
Other loans and advances to central banks and credit institutions	426 636 810	191 754 001	73 547 143	27 805 125	-	-	-	-	719 743 079
Financial assets at fair value through profit or loss	-	527 897	491 885	59 486	52 989 645	28 748 220	14 333 117	3 418 465	100 568 715
Investments at amortized cost	34 666 144	48 155 427	55 816 917	152 575 960	214 669 418	130 928 264	165 768 853	-	802 580 983
Loans and advances to customers	15 033 745	8 530 509	18 223 412	39 314 820	85 390 123	128 097 578	156 581 165	14 536 606	465 707 958
Liabilities	**1 270 460 025**	**321 284 774**	**231 068 761**	**196 704 376**	**10 194 319**	**-**	**-**	**-**	**2 029 712 255**
Deposits from central banks and other credit institutions	3 696 642	-	-	-	-	-	-	-	3 696 642
Deposits from customers and other loans	1 266 763 383	321 284 774	231 068 761	196 704 376	10 194 319	-	-	-	2 026 015 613

As at 31 December 2023 and 31 December 2022, the average interest rates for the main financial assets and liabilities are as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31			2022/12/31		
	Average balance of the period	Interest for the period	Average interest rate	Average balance of the period	Interest for the period	Average interest rate
Investments						
Financial assets at fair value through profit or loss	69 166 605	8 183 746	12%	95 842 385	13 057 126	14%
Loans and advances to customers	529 204 895	76 332 556	14%	438 874 075	58 561 816	13%
Investments at amortized cost	1 004 439 585	177 256 751	18%	1 049 919 111	166 588 724	16%
Other loans and advances to central banks and credit institutions	808 823 027	51 752 748	6%	641 523 812	29 468 412	5%
	2 411 634 112	**313 525 801**	**13%**	**2 226 159 383**	**267 676 078**	**12%**
Deposits						
Deposits from customers	2 015 119 839	63 684 054	3%	2 022 802 350	50 167 798	2%
Interbank deposits	2 558 465	2 220 981	87%	1 564 741	603 132	39%
Other deposits	4 973 816	685 996	14%	5 404 236	729 019	13%
	2 022 652 120	**66 591 031**	**3,29%**	**2 029 771 327**	**51 499 949**	**3%**
Net interest income		**246 934 770**			**216 176 129**	

As at 31 December 2023 and 31 December 2022, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(178 623 261)	(172 919 953)	(167 229 361)	167 229 361	172 919 953	178 623 261
Interest and similar expense	(48 545 901)	(43 540 125)	(38 546 567)	38 546 567	43 540 125	48 545 901
Total	**(227 169 162)**	**(216 460 078)**	**(205 775 928)**	**205 775 928**	**216 460 078**	**227 169 162**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	Change in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest and similar income	(33 392 391)	(22 261 594)	(11 130 797)	11 130 797	22 261 594	33 392 391
Interest and similar expense	(30 446 570)	(20 297 713)	(10 148 857)	10 148 857	20 297 713	30 446 570
Total	**(63 838 961)**	**(42 559 307)**	**(21 279 654)**	**21 279 654**	**42 559 307**	**63 838 961**

Currency risk

Currency risk is the fluctuation of the fair value or future cash flows of a financial instrument due to changes in exchange rates.

The securities portfolio of the Bank is divided between securities denominated in national currency and in foreign currency, taking into consideration the overall structure of its balance sheet, in order to avoid incurring, in this manner, currency risk.

As at 31 December 2023 and 31 December 2022, financial instruments by currency are detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Kwanzas	United States Dollar	Euro	Other currencies	Total
Assets					
Cash and deposits at central banks	174 592 294	202 399 538	179 099 199	555 764	556 646 795
Loans and advances to credit institutions	-	21 717 823	15 331 017	4 582 426	41 631 266
Other loans and advances to central banks and credit institutions	205 903 681	612 530 148	74 637 483	8 431 198	901 502 510
Financial assets at fair value through profit or loss	43 442 375	2 998 452	47 004	-	46 487 831
Investments at amortized cost	1 115 385 023	296 556 103	-	-	1 411 941 126
Loans and advances to customers	509 909 204	19 788 240	20 405 332	3	550 102 779
	2 049 232 577	**1 155 990 304**	**289 520 035**	**13 569 391**	**3 508 312 307**
Liabilities					
Deposits from central banks and other credit institutions	25 763 869	37 379	2 034 451	5 224	27 840 923
Deposits from customers and other loans	1 447 227 612	1 120 074 296	282 736 242	7 627 333	2 857 665 483
Financial liabilities at fair value through profit or loss	2 537 450	-	-	-	2 537 450
	1 475 528 931	**1 120 111 675**	**284 770 693**	**7 632 557**	**2 888 043 856**
	573 703 646	**35 878 629**	**4 749 342**	**5 936 834**	**620 268 451**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Kwanzas	United States Dollar	Euro	Other currencies	Total
Assets					
Cash and deposits at central banks	143 554 051	173 514 813	108 943 426	292 434	426 304 724
Loans and advances to credit institutions	-	10 910 881	11 171 963	2 039 215	24 122 059
Other loans and advances to central banks and credit institutions	291 565 089	386 648 027	42 978 508	4 855 489	726 047 113
Financial assets at fair value through profit or loss	103 349 557	1 454 172	27 579	-	104 831 308
Investments at amortized cost	751 882 171	196 485 437	-	-	948 367 608
Loans and advances to customers	393 798 917	12 036 110	11 590 537	-	417 425 564
	1 684 149 785	**781 049 440**	**174 712 013**	**7 187 138**	**2 647 098 376**
Liabilities					
Deposits from central banks and other credit institutions	569 784	2 135 674	998 101	3 083	3 706 642
Deposits from customers and other loans	1 091 469 172	773 365 918	172 286 005	3 164 109	2 040 285 204
Financial liabilities at fair value through profit or loss	545 524	-	-	-	545 524
	1 092 584 480	**775 501 592**	**173 284 106**	**3 167 192**	**2 044 537 370**
	591 565 305	**5 547 848**	**1 427 907**	**4 019 946**	**602 561 006**

As at 31 December 2023 and 31 December 2022, the sensitivity analysis (considering Treasury Bonds indexed to the US dollar and currency forwards) of the asset value of financial instruments to changes in exchange rates, has the following detail:

Amounts expressed in thousand of Kwanzas

	2023/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(7 175 726)	(3 587 863)	(1 793 931)	1 793 931	3 587 863	7 175 726
Euro	(949 868)	(474 934)	(237 467)	237 467	474 934	949 868
Other currencies	(1 187 367)	(593 683)	(296 842)	296 842	593 683	1 187 367
Total	**(9 312 961)**	**(4 656 480)**	**(2 328 240)**	**2 328 240**	**4 656 480**	**9 312 961**

Amounts expressed in thousand of Kwanzas

	2022/12/31					
	-20%	-10%	-5%	5%	10%	20%
United States Dollar	(1 109 570)	(554 785)	(277 392)	277 392	554 785	1 109 570
Euro	(287 581)	(143 791)	(71 895)	71 895	143 791	287 581
Other currencies	(803 989)	(401 995)	(200 997)	200 997	401 995	803 989
Total	**(2 201 140)**	**(1 100 571)**	**(550 285)**	**550 285**	**1 100 570**	**2 201 140**

30.4 Fair value of financial assets and liabilities

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

Instruments listed in active markets (level 1)

This category includes financial instruments with available quoted prices in official markets and those in which there are entities that usually disclose prices of transactions for these instruments traded in liquid markets.

Priority in the prices used is given to those observed in official markets, in cases where there is more than one official market the option falls on the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organized market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

This category includes financial instruments valued through internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models variables provided by the market, such as interest rate curves and credit spreads. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) over-the-counter (OTC) derivatives.

Valuation methods with non-observable parameters in the market (level 3)

This level includes the valuations determined by the use of internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market.

The bases and assumptions used in the calculation of the fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using inputs that are not observable in the market; (ii) unquoted shares; (iii) over-the-counter (OTC) market derivatives with quotes provided by third parties.

As at 31 December 2023 and 31 December 2022, the book value of financial instruments is detailed as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	556 646 795	-	556 646 795
Loans and advances to credit institutions	-	41 635 446	(4 180)	41 631 266
Other loans and advances to central banks and credit institutions	-	901 877 634	(375 124)	901 502 510
Financial assets at fair value through profit or loss	46 487 831	-	-	46 487 831
Investments at amortized cost	-	1 424 989 897	(13 048 771)	1 411 941 126
Loans and advances to customers	-	600 370 855	(50 268 076)	550 102 779
	46 487 831	**3 525 520 627**	**(63 696 151)**	**3 508 312 307**
Liabilities				
Deposits from central banks and other credit institutions	-	27 840 923	-	27 840 923
Deposits from customers and other loans	-	2 857 665 483	-	2 857 665 483
Financial liabilities at fair value through profit or loss	**2 537 450**	**-**	**-**	**2 537 450**
	2 537 450	**2 885 506 406**	**-**	**2 888 043 856**

Amounts expressed in thousand of Kwanzas

	2022/12/31			
	Measured at fair value	Measured at amortized cost	Impairment	Net value
Assets				
Cash and deposits at central banks	-	426 304 724	-	426 304 724
Loans and advances to credit institutions	-	24 125 503	(3 444)	24 122 059
Other loans and advances to central banks and credit institutions	-	726 368 077	(320 964)	726 047 113
Financial assets at fair value through profit or loss	104 831 308	-	-	104 831 308
Investments at amortized cost	-	958 579 426	(10 211 818)	948 367 608
Loans and advances to customers	-	471 417 049	(53 991 485)	417 425 564
	104 831 308	**2 606 794 779**	**(64 527 711)**	**2 647 098 376**
Liabilities				
Deposits from central banks and other credit institutions	-	3 696 642	-	3 696 642
Deposits from customers and other loans	-	2 040 285 204	-	2 040 285 204
Financial liabilities at fair value through profit or loss	**545 524**	**-**	**-**	**545 524**
	545 524	**2 043 981 846**	**-**	**2 044 527 370**

As at 31 December 2023 and 31 December 2022, the fair value of the Bank's financial instruments is presented as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Net book value	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and deposits at central banks	556 646 795	-	556 646 795	556 646 795	-
Loans and advances to credit institutions	41 631 266	-	41 631 266	41 631 266	-
Other loans and advances to central banks and credit institutions	901 502 510	-	901 502 510	901 502 510	-
Financial assets at fair value through profit or loss	46 487 831	46 487 831	-	46 487 831	-
Investments at amortized cost	1 411 941 126	-		1 477 651 434	65 710 308
Loans and advances to Customers	550 102 779	-	547 098 501	547 098 501	(3 004 278)
	3 508 312 307	**46 487 831**	**2 046 879 072**	**3 571 018 337**	**62 706 030**
Liabilities					
Deposits from central banks and other credit institutions	27 840 923	-	27 840 923	27 840 923	-
Deposits from customers and other loans	2 857 665 483	-	2 857 665 483	2 857 665 483	-
Financial liabilities at fair value through profit or loss	2 537 450	2 537 450	-	2 537 450	-
	2 888 043 856	**2 537 450**	**2 885 506 406**	**2 888 043 856**	**-**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Net book value	Fair value of financial instruments		Total	Difference
		Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortized cost		
Assets					
Cash and deposits at central banks	426 304 724	-	426 304 724	426 304 724	-
Loans and advances to credit institutions	24 122 059	-	24 122 059	24 122 059	-
Other loans and advances to central banks and credit institutions	726 047 113	-	726 047 113	726 047 113	-
Financial assets at fair value through profit or loss	104 831 308	104 831 308	-	104 831 308	-
Investments at amortized cost	948 367 608	-	1 029 890 193	1 029 890 193	81 522 585
Loans and advances to Customers	417 425 564	-	421 307 572	421 307 572	3 882 008
	2 647 098 376	**104 831 308**	**2 627 671 661**	**2 732 502 969**	**85 404 593**
Liabilities					
Deposits from central banks and other credit institutions	3 696 642	-	3 696 642	3 696 642	-
Deposits from customers and other loans	2 040 285 204	-	2 040 285 204	2 040 285 204	-
Financial liabilities at fair value through profit or loss	545 524	545 524	-	545 524	-
	2 044 527 370	**545 524**	**2 043 981 846**	**2 044 527 370**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quotations on an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is performed in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

Treasury Bonds in national currency that are non-readjustable and Treasury Bonds in national currency indexed to the US dollar exchange rate issued by the Angolan State and held by the Bank for trading in the secondary market with other banks are revalued based on a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market.

Currency forwards are revalued using a discounted cash-flows model. The amounts in foreign currency are updated with an interest rate curve directly observed from Bloomberg and the amounts in national currency are updated with a curve built with interbank money market yields and reference rates (Luibor) observed on the BNA website.

Since they are not listed on a stock exchange and provided that there is observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Participation Units by the quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments recorded in the balance sheet at amortized cost, the Bank calculates their fair value using valuation techniques based on the conditions applicable to similar transactions on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate, *i.e.*:

- Non-adjustable Treasury Bills and Treasury Bonds in national currency issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model.

- Treasury Bonds in dollars issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. As there are not yet any significant transactions of this instrument in BODIVA, the discount curve is built based on the yields of the last issues of these bonds.

- For loans and advances to customers, the average interest rates charged by the Bank in the period ended 31 December 2023 and 31 December 2022, respectively, were used for operations with similar characteristics and net of accumulated impairment losses; and

- Regarding Cash and deposits at central banks, Loans and advances to other credit institutions repayable on demand, Other loans and advances to central banks and credit institutions, Deposits from central banks and Deposits from other credit institutions and Deposits from customers and other loans, as they are essentially short-term investments, the balance sheet value was considered a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realization value of these financial instruments in a sale or liquidation scenario and was not calculated for that purpose.

As at 31 December 2023 and 31 December 2022, the fair value of financial instruments recorded in the balance sheet at fair value presents the following detail by valuation methodology:

Amounts expressed in thousand of Kwanzas

	2023/12/31			
	Level 1 Prices on active markets	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	2 998 452	39 754 339	3 735 040	46 487 831
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	39 010 592	-	39 010 592
Equity instruments				
VISA	2 998 452	-	-	2 998 452
Other equity instrumens	-	-	3 325 229	3 325 229
Participation units	-	-	409 811	409 811
Derivatives	-	743 747	-	743 747
Liabilities				
Financial liabilities at fair value through profit or loss	-	2 537 450	-	2 537 450
Derivatives	-	2 537 450	-	2 537 450

Amounts expressed in thousand of Kwanzas

	2022/12/31			
	Level 1 Prices on active markets	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total
Assets				
Financial assets at fair value through profit or loss	1 454 172	101 784 861	1 592 275	104 831 308
Debt securities issued by the State				
Non-adjustable Treasury Bonds in national currency	-	101 412 843	-	101 412 843
Treasury Bonds in national currency indexed to the US dollar exchange rate	-	-		-
Equity instruments				
VISA	1 454 172	-	-	1 454 172
Other equity instrumens	-	-	1 398 588	1 398 588
Investment units	-	-	193 687	193 687
Derivatives	-	372 018	-	372 018
Liabilities				
Financial liabilities at fair value through profit or loss	-	545 524	-	545 524
Derivatives	-	545 524	-	545 524

During the periods ended 31 December 2023 and 31 December 2022, the movement in financial instruments valued at level 3 was as follows:

Amounts expressed in thousand of Kwanzas

	2023/12/31	
	Equity instruments	
	Other equity instruments	Participation units
Balance on January 1, 2023	1 398 588	193 687
Acquisition	-	989 130
Exits by maturity	-	(192 294)
Exits by disposal	-	(641 921)
Transfers by entries	-	-
Transfers by exits	-	-
Other movements and exchange rate differences	1 926 641	61 209
Balance on December 31, 2023	3 325 229	409 811

Amounts expressed in thousand of Kwanzas

	2022/12/31	
	Equity instruments	
	Other equity instruments	Participation units
Balance on January 1, 2022	1 403 287	1 011 174
Acquisition	-	193 687
Exits by maturity	-	(1 011 174)
Exits by disposal	-	-
Transfers by entries	-	-
Transfers by exits	-	-
Other movements and exchange rate differences	(4 699)	-
Balance on December 31, 2022	1 398 588	193 687

Fair value of financial instruments recorded at amortized cost

The fair value hierarchy of the financial instruments recorded in the balance sheet at amortized cost is analyzed as follows. These were estimated based on the main methodologies and assumptions described below:

Amounts expressed in thousand of Kwanzas

	2023/12/31				
	Fair Value				
	Book value	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total fair value
Assets					
Cash and deposits at central banks	556 646 795	-	556 646 795	-	556 646 795
Loans and advances to credit institutions	41 631 266	-	41 631 266	-	41 631 266
Other loans and advances to central banks and credit institutions	901 502 510	-	901 502 510	-	901 502 510
Investments at amortized cost	1 411 941 126	104 836 290	1 372 815 144		1 477 651 434
Loans and advances to Customers	550 102 779	-	-	547 098 501	547 098 501
	3 461 824 476	**104 836 290**		**547 098 501**	**3 524 530 506**
Liabilities					
Deposits from central banks and other institutions	27 840 923	-	27 840 923	-	27 840 923
Deposits from customers and other loans	2 857 665 483	-	2 857 665 483	-	2 857 665 483
	2 885 506 406	**-**	**2 885 506 406**	**-**	**2 885 506 406**

Amounts expressed in thousand of Kwanzas

	2022/12/31				
	Fair Value				
	Book value	Level 1 Prices on the active market	Level 2 Observable market inputs	Level 3 Other valuation techniques	Total fair value
Assets					
Cash and deposits at central banks	426 304 724	-	426 304 724	-	426 304 724
Loans and advances to credit institutions	24 122 059	-	24 122 059	-	24 122 059
Other loans and advances to central banks and credit institutions	726 047 113	-	726 047 113	-	726 047 113
Investments at amortized cost	948 367 608	-	104 831 308		104 831 308
Loans and advances to Customers	417 425 564	-	-	421 307 472	421 307 472
	2 542 267 068	**-**		**421 307 472**	**1 702 612 676**
Liabilities					
Deposits from central banks and other institutions	10 686 251	-	10 686 251	-	10 686 251
Deposits from customers and other loans	2 040 285 204	-	2 040 285 204	-	2 040 285 204
	2 050 971 455	**-**	**2 050 971 455**	**-**	**2 050 971 455**

Cash and deposits at central banks and other demand deposits, Other loans and advances to credit institutions and Deposits from central banks
These assets and liabilities are very short-term, and therefore the balance sheet value is a reasonable estimate of their fair value.

Securities at amortized cost
The fair value of securities recorded at amortized cost is estimated in accordance with the methodologies followed for valuing securities that are recorded at fair value, as described at the beginning of this Note.

Loans and advances to Customers
The fair value of loans and advances to customers is estimated based on the discounted expected cash flows of principal and interest, considering that the installments are paid on the contractually agreed dates. Discount rates used are the current rates for loans with similar characteristics. For stage 2 loans via the individual analysis model, the fair value considered is the balance sheet value.
For stage 3 loans, for which recovery is via foreclosure of the collateral, the Balance Sheet value was considered.

Deposits from Customers
The fair value of deposits from customers and other loans is short-term, and therefore the balance sheet value is a reasonable estimate of fair value.

30.5 Capital management

As at 31 December 2023 and 31 December 2022, the Bank's capital and solvency ratio are determined in accordance with the applicable regulatory standards, namely with Notice No. 8/2021.

Angolan credit institutions should hold a level of capital compatible with the nature and scale of operations, duly weighted by the risks inherent to the operations, with a minimum regulatory capital ratio of 8%, a minimum Tier 1 (T1) capital ratio of 6% and a minimum Common Equity Tier 1 (CET1) capital ratio of 4.5%.

Regulatory capital ratio comprises:

1. **Tier 1 capital – comprises**– i) Paid-up share capital; ii) Positive retained earnings from previous periods; iii) Legal, statutory and other reserves arising from non-distributed profits, or set up to increase capital; iv) Net profit of the previous period; v) Provisional net profit of the current period; vi) Equity instruments; and, vii) Share premium.

2. **The negative elements of Tier 1 capital – comprise** – (i) Own shares in the portfolio, at book value in the balance sheet; (ii) Losses carried forward from previous periods; (iii) Net loss of the previous period; (iv) Provisional net loss of the current period; (v) Intangible assets net of amortization, including goodwill included in the valuation of significant investments of the institution; vi) Expenses with deferred costs related to pension liabilities; vii) Deferred tax assets depending on future profitability; viii) Adjustments on impairment losses on financial instruments in relation to that determined by the Banco Nacional de Angola in the prudential supervision; ix) Positive revaluation differences arising from the application of the equity method; x) Actuarial losses not recognized in profit and loss; xi) The amount of the items that

need to be deducted from additional Tier 1 capital items that exceed the Institution's additional Tier 1 capital items; xii) The exposure value of incomplete transactions; (xiii) The applicable amount of Common Equity Tier 1 instruments of credit institutions held directly, indirectly and synthetically with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; (xiv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where the Institution does not have a significant investment in such entities; (xv) The applicable amount of Common Equity Tier 1 instruments of credit institutions held by the Institution directly, indirectly and synthetically where the Institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less (xvi) Any tax on Common Equity Tier 1 items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of Common Equity Tier 1 items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

3. **Additional Tier 1 capital** – comprises (i) Preference shares; ii) Hybrid and/or convertible instruments; iii) Other instruments whose issue conditions have been previously approved by the Banco Nacional de Angola; and iv) Share premium relating to the items included in the previous sub-paragraphs.

4. **The negative elements of additional Tier 1 capital** – comprise: i) Additional Tier 1 instruments held directly, indirectly and synthetically, including additional Tier 1 instruments that the Institution may be required to acquire as a result of existing contractual obligations; ii) Additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; iii) The applicable amount of additional Tier 1 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in those credit institutions; (iv) The applicable amount of additional Tier 1 capital instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the institution has a significant investment in such credit institutions, excluding underwriting positions held for a period of five (5) business days or less; (v) The amount of items required to be deducted from Tier 2 capital items in excess of the Institution's Tier 2 capital items; and, (vi) Any tax on additional Tier 1 capital items that is foreseeable at the time it is calculated, except where the Institution appropriately adjusts the amount of additional Tier 1 capital items to the extent that such tax reduces the amount by which those items may be used to hedge risks or losses.

5. **Tier 2 capital** – comprises: i) Redeemable preference shares; ii) Reserves from the revaluation of real estate for own use; iii) Subordinated debt, in the form of loans or bonds issued, whose issue conditions were previously approved by the Banco Nacional de Angola; iv) Other instruments whose issue conditions were previously approved by the Banco Nacional de Angola; and, v) Share premium relating to the items included in the previous points.

6. **The negative elements of Tier 2 capital** – comprise: i) Common Equity Tier 2 instruments held directly, indirectly and synthetically, including Tier 2 instruments that the Institution may be required to acquire as a result of existing contractual obligations; ii) Tier 2 instruments of directly, indirectly and synthetically held credit institutions with which the Institution has cross-holdings that the Banco Nacional de Angola considers to have been set up to artificially inflate the Institution's capital; (iii) The applicable amount of Tier 2 instruments of credit institutions held directly, indirectly and synthetically, where the Institution does not have a significant investment in such credit institutions; and, (iv) Tier 2 instruments of credit institutions held directly, indirectly and synthetically by the Institution, where the Institution has a significant investment in such entities, excluding underwriting positions held for a period of five (5) business days or less.

Net profit for the previous period and for the current period referred to in the previous paragraphs can only be considered whenever they are certified by the expert accountant who is a member of the supervisory body or single auditor and by the external auditor.

The table below shows the capital and the solvency ratio of the Bank as at 31 December 2023 and 31 December 2022:

Amounts expressed in thousand of Kwanzas

	2023/12/31	2022/12/31
Regulatory capital ratio		
Tier I capital	470 142 948	404 825 397
Tier II capital	-	-
Total	**470 142 948**	**404 825 397**
Regulatory Capital Requirements		
Credit risk requirements	47 048 554	33 017 817
Market risk requirements	1 884 471	2 357 101
Operational risk requirements	39 614 075	39 124 468
Excesses of prudential limits for large exposures	188	188
Total	88 547 288	74 499 574
Regulatory Solvency Ratio	**42,48%**	**43,47%**

31. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies

Following feedback on the need for more guidance to help companies decide what information to disclose regarding accounting policies, on 12 February 2021 the IASB issued amendments to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Making materiality judgments.

The key amendments to IAS 1 include: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and iii) clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the revised definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The amendments are effective from 1 January 2023 but early application is permitted.

The Bank has no impact resulting from the adoption of this standard.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.
The amendments are effective for periods beginning on or after 1 January 2023, with early application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank has no impacts resulting from the adoption of this standard.

Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction

The IASB issued amendments to IAS 12 - Income Taxes, on 7 May 2021.

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations, i.e., transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The Bank has no impacts resulting from the adoption of this standard.

Lease liability in a sale and leaseback transaction (amendments to IFRS 16 – Leases)

The IASB issued amendments to IFRS 16 – Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction.

These amendments confirm that:
- At initial recognition, the seller-tenant includes variable lease payments when measuring a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it recognizes no gain or loss related to the right of use it retains.

A seller-tenant can adopt different approaches that satisfy the new subsequent measurement requirements.

The Amendments shall be applied for annual periods beginning on or after 1 January 2024, with earlier application permitted.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the changes retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS 16. This means it will have to identify and re-examine sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments Disclosures.

The amendments address disclosure requirements for supplier finance arrangements – also known as supply chain finance, trade payables finance or reverse factoring arrangements.

The new requirements complement those already included in IFRS standards and include disclosures on:
- Terms and conditions of the supplier finance arrangements;
- The amounts of liabilities covered by such agreements, the extent to which suppliers have already received payments from the finance providers and under which caption those liabilities are presented in the balance sheet;

- The ranges of payment due dates; and
- Information on liquidity risk.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the International Accounting Standards Board (the IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. When a currency is not exchangeable, the entity has to estimate a spot exchange rate.

According to the amendments, entities will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures may include:
- the nature and financial effects of the currency not being exchangeable into the other currency;
- the spot exchange rate(s) used
- the estimation process; and
- the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted.

The Bank is assessing the impact this standard will have on its financial statements.

32. SUBSEQUENT EVENTS

On 1 March 2024, under the terms of Article 21(1) of the Pension Fund Regulations, Decree 25/98 of 7 August, approved the process of transferring the management of the BFA Pension Fund from Fénix to BFA Pensões, S.A.

33. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a free translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.

Independent Auditor’s Report

KPMG Angola – Audit, Tax, Advisory, S.A.
Edifício Moncada Prestige – Rua Assalto ao Quartel de Moncada 15 2º
Luanda – Angola
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INDEPENDENT AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Shareholders of
Banco de Fomento Angola, S.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Banco de Fomento Angola, S.A.** ("the Bank"), which comprise the balance sheet as at December 31, 2023, showing total assets of AOA 3,584,394,231 thousand and a total equity of AOA 567,526,012 thousand, including a profit for the year of AOA 167,509,612 thousand, and the statement of income and comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and the accompanying notes to the financial statements, including material information on the accounting policy.

In our opinion these financial statements present fairly, in all material respects, the financial position of **Banco de Fomento Angola, S.A.** as at December 31, 2023 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

Our audit was conducted in accordance with the International Standards on Auditing (ISA) and other Technical Standards of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola"). Our responsibilities under these standards are described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements" section below. We are independent of the Entity under the terms of the law and comply with the other ethical requirements under the code of ethics of the Angolan Institute of Accountants and Statutory Auditors ("Ordem dos Contabilistas e Peritos Contabilistas de Angola").

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for:

- the preparation and fair presentation of these financial statements and of the financial position, financial performance and cash flows of the Bank in accordance with International Financial Reporting Standards (IFRS);
- establishment and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- adoption of appropriate accounting policies and criteria in the circumstances; and
- assessment of the Bank's ability to continue as a going concern, disclosing, where applicable, any matters that may cast significant doubt on this matter.

The supervisory body is responsible for supervising the process of preparing and disclosing the Entity's financial information.

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit performed in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on those financial statements.

As part of an audit in accordance with the ISA, we make professional judgments and maintain professional skepticism during the audit and also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error, since fraud can involve collusion, forgery, intentional omissions, false statements or overriding internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures included in the financial statements or, if those disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Bank to discontinue its activities;
- We assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- We communicate with those charged with governance, including the supervisory body, among other matters, the planned scope and timing of the audit, and the significant findings of the audit including any significant deficiencies in internal control identified during the audit.

Luanda, March 15, 2024

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Inês Filipe
(Registered Auditor with certificate no. 20140081)

Supervisory Board's Opinion

BFA

SUPERVISORY BOARD

OPINION OF THE SUPERVISORY BOARD ON THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR FY2023

In compliance with legal and regulatory provisions, namely article 441(g) of Law no. 1/04, dated 13th February - the Companies Act, article 71(2) of Law no. 14/21, dated 19th May, which approves the Financial Institutions Legal Framework, combined with article 15(1)(d) of Notice no. 1/22, dated 28th January - the Financial Institutions Corporate Governance Code, along with article 6(5) of Notice n.º 5/19, dated 30th August, concerning the Accounting Standardisation and Harmonisation Process for the Angolan Banking Sector, along with article 8(1) of BFA's Supervisory Board Rulebook, approved on 19th December 2023, it is incumbent upon the Supervisory Board to issue an opinion on the Individual Annual Financial Statements of Banco de Fomento Angola, S.A., for the financial year 2023, as submitted by the Board of Directors.

It is incumbent upon the Board of Directors of Banco de Fomento Angola, S.A. to prepare and submit the Individual Annual Financial Statements.

It is incumbent upon the Supervisory Board to review and analyse the information included in the annual financial statements with a view to issue a professional and impartial opinion based on its supervisory capacity and function.

The Supervisory Board has reviewed and appraised the Individual Annual Financial Statements, which comprise the Balance Sheet, the Income Statement and Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity as at 31st December 2023, which demonstrate that the Balance Sheet recorded as accounting entries Total Assets of AOA 3,584,394,231 thousand, Equity of AOA 567,526,012 thousand, which includes a Net Profit of AOA 167,509,612 thousand and Total Liabilities of AOA 3,016,868,219 thousand. On the other hand, the Individual Income Statement and Other Comprehensive Income recorded as accounting entries, a Net Interest Income of AOA 246,934,770 thousand, Operating Income of AOA 299,036,455 thousand, Income Before Tax from Ongoing Operations of AOA 183,743,623 thousand and Net Profit of AOA 167,509,612 thousand, with the entirety of the statements herein in respect of the fiscal year ended 31st December 2023, in accordance with the Financial Statements submitted by the Board of Directors of Banco de Fomento Angola, S.A.

BFA

SUPERVISORY BOARD

The Supervisory Board did not identify any matter that was not in accordance with the applicable legal standards and regulations, as well as with the International Financial Reporting Standards (IFRS) and best accounting practices and considers that the financial statements provide a true and fair view of the Bank's financial position and the financial results of its business activities and operations in all materially relevant respects.

The Supervisory Board acknowledged the Independent Auditor's Report on the Individual Annual Financial Statements auditing proceedings as at 31st December 2023, which was issued without any reservation, with the auditor stating that "the financial statements present fairly, in all material respects, the financial position of Banco de Fomento Angola, S.A. as at 31st December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS)".

Accordingly, the Supervisory Board issues a favourable opinion on the approval of the Individual Annual Financial Statements as at 31st December 2023.

BFA's Supervisory Board, Luanda, 15th March 2024

Alcides Safeca
(Chairperson)

Adilson Sequeira
(Deputy Chair)
(Certified Expert Accountant nº 20130051)

Valdir Rodrigues
(Voting Member)

9 ANNEXES

Glossary

- **ADPP** - Stands for 'Development Aid from People to People' and is an Angolan NGO. The organisation operates in the areas of education, health, agriculture, environment and integrated community development.

- **AML/CFT & PWMD** - Refers to Anti-Money Laundering, Counter Terrorist Financing and the Proliferation of Weapons of Mass Destruction.

- **Amortisation** - A write-off that reduces the book value of a company's fixed assets on the balance sheet, based on their use and deterioration and/or their economic life cycle.

- **Assets** - Set of economic resources and rights held by an organisation that have economic value and can be converted into liquidity (cash).

- **ATM (Automatic Teller Machine)** - Equipment that allows authorised users (typically cardholders valid for financial transactions in a given payment system) to access financial and other related services, including banknote withdrawals.

- **Automatic Payment Terminal (POS)** - A banking system network terminal that allows customers to carry out a wide range of self-service transactions without having to go to bank branches.

- **Balance of Payments** - Includes the totality of a country's payments made abroad and all revenue earned abroad. It is split into the Current Account and the Capital Account.

- **Balance of Trade** - It equates to the difference between the value of goods and services exported by a country and those that are imported.

- **Balance Sheet** - An accounting document consisting of a summary table of assets (fixed assets, receivables, cash and cash equivalents) and liabilities (capital, debts).

- **Banking Services Usage Rate** - Rate of banking financial services usage by the population of a country.

- **Capital Account** - It consists of the balance between the capital invested in the country from abroad and, conversely, the investments made and the credits held by the country abroad.

- **Capital Adequacy Ratio** - It measures the relative proportion of the company's assets financed by equity versus liabilities. The Capital Adequacy Ratio indicates a company's degree of financial stability.

- **Cash Flow for the Period** - Refers to the annual net profit plus amortisations and provisions. It represents the company's ability to generate funds for investment without resorting to borrowed capital.

- **Commodities** - Entails tradable goods, such as agricultural and livestock products and natural resources. In international trade relations, the term refers to a particular type of raw commodity or primary product of commercial value.

- **Cost-to-Income Ratio** - A key financial metric that indicates the percentage of a company's operating expenses in relation to its operating income.

- **Current Account** - The result of the balance of trade and financial flows, including interest paid to foreign holders of the country's issued debt and dividends paid to foreign investors.

- **Deposit** - Banking operation to raise funds.

- **Down-time** - Period during which a system, machine, piece of equipment or process is inactive or unavailable for normal use.

- **EMIS** - An Angolan financial services company that provides alongside with commercial banks a range of financial services related to the use of banking cards. It manages the Automated Teller Machines (ATMs) and Automatic Payment Terminals (POSs) shared networks.

- **eMudar@BFA** - In-house system implemented by BFA, which consists of a front-end system deployed in the Branches, Corporate Centres and Investment Centres that introduced mechanisms based on standardised workflow methodologies, aiming to process a broad range of banking activities in the retail branches through digital means, enabling the branches to operate more efficiently and mitigating the level of operational risk.

- **EMV** - Chip technology for banking cards, which transmits a unique transaction code for each transaction, making card fraud more difficult and less likely.

- **Equity** - Financial resources and/or funds that belong to the company itself, as opposed to funds that have been raised through loans or borrowings.

- **Euribor** - A combination of the words 'Euro Interbank Offered Rate'. The Euribor rate is calculated daily by averaging the rates of 57 banks with a large weight in the euro economy and reflects the price of money at which these banks exchange money amongst themselves.

- **Financial Assets** - A contractual right to receive money or another financial asset from another company (e.g. securities, accounts receivable).

- **Financial Income** - Entails interest charged on loans granted, calculated using the active interest rate.

- **Financial Institution** - A business company whose corporate purpose is to enter into financial transactions and agreements and, as such, is subject to prudential regulation and supervision.

- **Financial Instruments** - Investment instruments which include transferable securities, derivative financial instruments and money market instruments.

- **Financial Liabilities** - A contractual obligation to deliver money or another financial asset from another company.

- **Gross Domestic Product (GDP)** - The sum of all goods and services produced in a country within a specific period, usually one year.

- **H2H (host to host)** - A digital channel that enables customers of banking institutions, through internet banking and mobile banking provided by their financial institutions, to access the Payment for Services functionalities made available in the MULTICAIXA Network.

- **Inflation** - An economic and/or financial technical term which reflects the average rise in price levels and that is usually expressed as a percentage.

- **Interbank Money Market** - A monetary market where banks borrow or lend money to each other, depending on their business needs.

- **Interest Rate** - Price of money that the borrower must pay to the owner of the borrowed capital over a given period of time, expressed as a percentage.

- **Interest-bearing Liabilities** - Liabilities that require the payment of interest, such as bank loans and corporate bonds.

- **Investments in Securities** - Investments in fixed-income assets issued by the National Treasury to finance the national public debt.

- **Key Interest Rates** - Interest rates established by Central Banks, which serve as the basis for the interest rates applied in a country's economy.

- **Lending Facility Rate** - The rate at which a country's national bank buys or sells its currency to return it to its previous value.

- **Liabilities** - Entails the total of an organisation's debts and obligations. It is the opposite of assets, which represent the company's total assets.

- **Loan-to-Deposit Ratio** - Ratio between loans to customers (balance sheet value) and customer deposits.

- **Main Refinancing Rate** - Minimum rate applied to liquidity-providing operations carried out through weekly auctions with a two-week maturity.

- **Minimum Viable Product (MVP)** - Initial version of a credit product with essential functionalities, aiming to assess its feasibility and meet customer needs.

- **Monetary Policy** - A set of measures adopted to control the money and credit supply and, consequently, the interest rate in a given country's economy. The Central Bank is responsible for implementing the country's monetary policy.

- **MT101 File Format** - SWIFT's standardised file format, which makes it possible to transfer funds between two accounts held at two different banks, and which may be located in different countries.

- **MT940 Statements** - SWIFT standard format used internationally for the electronic transmission of daily bank account movements and balances.

- **Net Interest Income** - The difference between the interest charged on loans granted (calculated using the lending rate) and the interest paid to savers on the amounts they entrust to the Banks (calculated using the deposit rate).

- **Net Present Value (NPV)** - Present value of the expected future cash flows from operations.

- **Non-Interest Income** – Sum of Net commissions, Income from financial transactions and Other operating income.

- **Operating Cash Flow** - Comprises the operating income, excluding administrative charges.

- **Operating Income** - Total revenues received by a financial institution: commissions, interest, trading, interbank operations.

- **Operating Profit Margin** - It is calculated by dividing the operating profit by the turnover and multiplying by one hundred. It is a key performance financial indicator that measures a company's operating profitability over a given period.

- **Overdue Credit Ratio** - Ratio between the balance of Loans to Customers with instalments of principal or interest due and Gross Loans to Customers.

- **PSX Files** - Bulk transfer processing file, with the possibility of making payments abroad (mostly used for processing salaries and frequent payments to suppliers).

- **Real Estate Assets** - A set of actual rights over real estate for the purposes of commercial, residential or industrial leasing.

- **Return On Assets (ROA)** - A key financial indicator, expressed in percentage terms, that compares net profit with the company's net assets, i.e. net of accumulated amortisation. It measures the profit generated by each monetary unit of assets.

- **Return On Equity (ROE)** - It measures a company's efficiency in generating profits from net assets ("equity"), i.e. it indicates the percentage of profit generated from using shareholders' equity.

- **Secured Overnight Financing Rate (SOFR)** - Daily benchmark interest rate that replaced LIBOR in dollars on the financial markets, providing a guaranteed overnight financing rate.

- **SLA Control Model (Service Level Agreement)** - A set of guidelines and metrics for monitoring and guaranteeing compliance with the service levels agreed between a service provider and its customer base.

- **SPI** - International payment system that includes VISA Credit and Prepaid Cards.

- **Spread** - The difference between the price offered by buyers and the price sought by sellers within the scope of supply and demand on financial markets.

- **SPTR** - Angolan Real-Time Payment System, operated, managed and owned by the National Bank of Angola (BNA).

- **STC** - Credit Transfer Subsystem.

- **Stress Testing** - Risk management technique that aims to assess the potential effects on an institution's financial conditions of changes in risk factors or stress scenarios due to exceptional but plausible events.

- **SWIFT** - Society for Worldwide Interbank Financial Telecommunication, which provides the interbank communications service. SWIFT services are used in the foreign exchange, money and securities markets for both confirmation and payment messages.

- **Term Deposit** - An investment of funds placed in a bank account for a specified period (one month, three months, six months, one year), yielding a fixed interest rate.

- **Total Capital Ratio** - Corresponds to the ratio between Total Capital (Portuguese acronym: "FPR") and risk-weighted assets (takes into account pillar 1 risks, namely credit, market and operational risk).

- **Treasury Bills (T-Bills)** - A short-term public debt security issued by the Treasury with a maturity of less than one year. It is a security issued at a discount and redeemed at its nominal value upon maturity.

- **Treasury Bonds (TBs)** - Public debt security issued by the National Treasury with periodic coupon interest payments and redemption at nominal value.

- **Write-offs** - The write-down of overdue credit recorded as an asset that is fully provisioned and for which there is no prospect of recovery. The write-off is made against provisions and therefore has no impact in the income statement.

- **Yields** - This is the key indicator in the real estate investment market. It should be understood as a measure of future profitability risk: the higher the yield, the higher the price, the greater the associated risk and the wider the opportunities for future profitability.

Contacts

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